TRANSCRIPT OF RECORD

SUPREME COURT OF THE UNITED STATES

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[illegible]

CONSOLIDATED GAS COMPANY OF NEW YORK,
RESPONDENT.

[illegible] THE DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK.

[illegible]

(FILE ENDORSEMENT OMITTED)

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CONSOLIDATED GAS COMPANY OF NEW YORK vs. NEWTON, ETC., *et al.* 32839

Before ABRAHAM S. GILBERT, Special Master.

New York, January 21, 1920.

Met pursuant to adjournment.

Present: MR. RANSOM, MR. VILAS and MR. GOETZ, of Counsel for Complainant.
MR. CHAMBERS, of Counsel for defendant Newton.
MR. HAYWARD, MR. CLARK and MR. NEUMANN, of Counsel for Public Service Commission. 32840
MR. O'BRIEN, of Counsel for defendant Swann.

ADNA F. WEBER, resumed the stand.

DIRECT-EXAMINATION CONTINUED BY MR. CLARK:

Q. Dr. Weber, I show you a schedule and ask you whether that was prepared under your direction?

A. This schedule entitled, "Consolidated Gas Company of New York, Financial Results of Gas Business Conducted in the Name of the Company in the 10 Years 1909 to 1918, as Disclosed in its Annual Returns to the Public Service Commission," was prepared under my direction. 32841

Q. This schedule was prepared from figures appearing in the annual reports of the Consolidated Gas Company?

Mr. Ransom: I object to that, the witness does not know.

The Master: I will allow it.

Mr. Ransom: Exception.

The Master: Dr. Weber, perhaps knows a little less or a little more than the head of an accounting firm that has statements prepared under his direction.

Mr. Ransom: His situation is altogether different from Mr. Teele. Mr. Teele worked on these things day and night. This witness is the
32843 titular head of a department, and he sends men out and they do work, they see the things, and he doesn't see them.

The Master: Well, I am going to take it anyway.

Mr. Ransom: Exception. He is in just as good position to testify to these tables as your Honor would be.

The Master: I am going to let him testify that under his direction his subordinates prepared these tables, and I am going to take them.

A. Yes, with one or two exceptions which will be stated.

32844 Q. The figures, "Gas from other sources," appearing on this schedule prior to 1916, were taken from what sources? The figure of Gas, Astoria Light, Heat & Power Company, was taken from the Astoria Company's reports for those years?

Mr. Ransom: If the witness doesn't know, counsel should not give him knowledge that he does not have. It illustrates the futility of having Dr. Weber testify about these things.

Q. Can you state whether the figure appearing for "Gas from other sources" appears in the Consolidated report?

The Master: I will tell you Judge Ransom how I feel about it. Somebody, somehow or somewhere will be able to prove these tables. It will take time. We may just as well take it in this way, check it up and call attention to what has been done.

Mr. Ransom: The trouble is that this witness, or somebody whom we don't know—we may have our ideas—puts a lot of fancy labels on these things—

The Master: Then I will take the labels off.

Mr. Ransom: There is no way in which you 32846
can do it, there is no way in which I can do it inside of a month. They take figures which they require to be reported as one thing, and then get together in some conference room and decide to label them something else, and somebody comes on who knows nothing about it and testifies about it.

The Master: I will take it.

Mr. Ransom: Exception.

A. The figures showing gas from other sources comes from the reports of the Consolidated Gas Company, and no other source.

Q. In all the years? 32847

A. In all the years. Now, as to the particular pages, I should have to see the reports to identify the pages for the different years.

Q. I am not speaking about the pages. The gas from the Astoria Light, Heat & Power Company, does that come from the Consolidated Gas Company's reports in all the years?

A. The amount of gas does.

Q. The "Return and Cost of the Gas," does that come from the Consolidated Gas Company's reports in all the years?

Mr. Ransom: Objected to as vague and meaningless.

A. The line under "Gas from other sources," under the caption of "Gas Operating Expenses," and so on, showing the total amount paid to the Astoria Light, Heat & Power Company is from the Consolidated Gas Company's reports. The total is separated in the two lines above into the items of "Cost and Return," and that separation is based for certain years upon the reports of the Consolidated Gas Company, and for certain years on the reports of the Astoria Light, Heat
32849 and Power Company, and for certain years on records in the office of the Consolidated Gas Company.

The Master: How are we going to know which is which?

The Witness: I will identify them.

Q. Will this refresh your recollection?

Mr. Ransom: It does not appear that the witness has any recollection.

The Master: Just so long as we can find out where these figures come from I don't care about the witness's recollection one way or the other. Let us get these things in and analyze them and get done with this case. I am not going to try this
32850 case on theories, I am going to decide it on full facts.

Mr. Ransom: Your Honor is not going to, but they get in a lot of exhibits—yesterday they offered and you received a lot of exhibits on the theory that the easiest way out of it was to take them, and they will ring the changes on it in any court to which this case may go, and the Court will not have an opportunity of seeing the witnesses and seeing how this thing was done.

The Master: They will probably have an opportunity of knowing something about it from

the report that I may make. Everybody assumes that there is going to be an appeal from my decision. Suppose my decision is so nearly right that everybody is going to be satisfied.

Mr. Ransom: I know the defendants too well.

The Master: How do you know it will be in your favor?

Mr. Ransom: I have confidence in the facts we have proved, and I have now heard for two weeks their lack of defense.

A. The figures for the years 1909 to 1912, inclusive, are from records found in the office of the company. 32852

The Master: What record?

The Witness: They call it Gas Exchanged Record.

By Mr. Ransom:

Q. Did you examine that?

The Master: I don't care about that.

A. I have had transcripts of them in my hands.

The Master: I want to know the particular places and sources of information that he says this comes from.

Mr. Ransom: Your Honor's view is that they might just as well not bother to call any witness, just offer these things and then if we find no errors in them—last night I had probably fifteen or eighteen men working a large part of the night checking up exhibits— 32853

The Master: I took them on this theory, that they are practically statements of their contentions, and summaries which they have prepared from the books in different forms, as if they were arguing it out and giving me tables galore that nobody has sworn to. If these records and these sworn reports bear out any theory of fact that it does not cost as much to make gas as you say

it does, I am going to decide against you. I am going back to these books and records, and depend on them, not on fancy tables.

A. The years 1913, 1914 and 1915 are derived from reports of the Astoria Company, and later years from reports of the Consolidated Company.

Q. The line "Totals," total before depreciation and taxes, is that found in the annual reports of the Consolidated Gas Co.?

The Master: Let me have a copy of this.

A. That particular total does not appear in the re-
32855 ports. That is a combination or addition of the items above.

The Master: What items above?

The Witness: All the items under gas operating expenses and so on.

The Master: I see.

The Witness: This is the total of items to that point.

Mr. Ransom: That just illustrates the methods of the witness. He has lugged in here out of his own view, depreciation, and there isn't anything in the reports about any such thing.

The Master: All right, let us get it.

32856 Q. The next line, "Excess of Revenue Over Foregoing"—

A. That is a derived total obtained by subtracting of the total before depreciation and taxes from the total gas operating revenue.

The Master: Do I understand, Dr. Weber, that you say that according to the Gas Company's own figures, excluding what you say is depreciation, whatever that may be, and taxes, that this shows a net result of revenue over expenditures of two million dollars in 1918?

The Witness: Yes, sir.

32857

The Master: Have you the working sheets and papers to indicate how that is made up?

The Witness: Yes, sir.

Mr. Ransom: Well, that is before taxes and renewals and replacements.

The Master: What else is left out, taxes, renewals and replacements, and what else?

Mr. Clark: That is all.

Mr. Ransom: But you see the item of taxes alone is $1,200,000.

The Master: I see, you have it down here. Tax bills charged and renewals and replacements, excess of revenue over all expenses, $178,000 for 32858
1918.

Mr. Ransom: His figure shows apparently $178,000—

Mr. Clark: It is not his figure, it is the company's figure.

Mr. Ransom: The company's figures show $198,000 deficit.

Mr. Clark: It is the company's figures, and none of these tax items are scaled down.

Mr. Ransom: Unfortunately they cannot be scaled.

Mr. Clark: I offer this table in evidence.

The Master: It will be received over Mr. Ran- 32859
som's objections as to incompetency and irrelevancy, and as to form and lack of qualification of the witness.

Mr. Ransom: And the fact that the witness has used a lot of fancy and theoretical labels here about depreciation that has no part in the case, no part in the report, and no part in the books.

The Master: It will be received.

Mr. Ransom: Exception.

Table received in evidence and marked Defendants' Exhibit AA-244.

3260 Adna F. Weber, Direct.

Q. Dr. Weber, I show you a table entitled, "Detail of Operating Expenses Other than Production, 1909 to 1918," and ask you whether that was prepared under your direction?

A. It was.

Q. And checked under your direction?

A. It was.

Q. And you believe it to be accurate?

A. I do, an accurate transcription from the company's reports.

Q. All of the figures in that table were derived from
32861 the annual reports of the Consolidated Gas Company?

A. They are so derived.

Q. This shows the detail of various accounts shown on the table, and which are also shown on the former table?

A. Yes, this is actually a supporting schedule to the first schedule. The totals from this schedule are taken into the first schedule. In other words, this shows the details of items in the first schedule.

Mr. Clark: I offer that table in evidence.

Mr. Ransom: I object to it on the ground that the witness doesn't know anything about this, and is not qualified, hasn't any knowledge of what
32862 is embodied in this table, and I call your Honor's attention to the diversity of what has taken place. During the complainant's case, for example, when Mr. Addicks testified to matters within his knowledge, made up in table form, he had to sit up until daylight to check every figure. This man has not even seen the documents from which this is compiled.

Mr. Clark: I can call the men who actually did the work if the Master wants it.

The Master: Objection overruled.

Mr. Ransom: Exception.

Table received in evidence and marked Defendants' Exhibit AA-245.

Q. Dr. Weber, I show you a photostatic copy of a table which is entitled, "Consolidated Gas Company Comparative Balance Sheet December 31, 1905, to December 31, 1918," and ask you whether that was prepared under your direction?

The Master: Objection sustained.

Q. Have you the original of that in your possession, Doctor?

Mr. Ransom: I object to it as quite immaterial and incompetent. 32864

The Master: Objection sustained.

Mr. Clark: On the ground that you do not want a comparative balance sheet?

The Master: I am not interested in their balance sheets.

By the Master:

Q. These have reference to matters other than gas business; isn't that so, Doctor? It includes all revenue, from all sources?

A. It includes all their assets and all their liabilities.

The Master: Objection sustained.

Mr. Clark: That is all I have of this witness. 32865

The Master: Cross-examination is suspended until the complainant has a chance to look at these tables.

Mr. Chambers: I ask permission to hand in Exhibits AA-71, AA-111, AA-72, AA-54, and AA-57, and ask that the photostatic copies be marked the same as the others were, so that we can return the originals to the company.

The photostatic copies were marked in place of the originals.

Mr. Chambers: Now, may I ask has counsel for the complainant produced the letter written by Mr. Addicks to the Public Service Commission, with enclosures?

Mr. Ransom: It will be here in a few minutes.

The Master: Have you something else for Dr. Weber?

Mr. Clark: There is a page here of the comparative balance sheet that only refers to gas property.

By the Master:

32867 Q. How can you tell that this only refers to gas? What is there on here to show that it only refers to gas business?

A. The definitions.

Q. What definitions?

A. Of fixed capital.

Q. Where are the definitions of fixed capital?

A. Fixed capital (indicating).

Q. You are simply guessing that it means gas business, are you not, from that?

A. Not according to the definitions prescribed by the Commission. I assume that the accounts were kept in accordance with those definitions and

32868 classifications.

Q. What you claim this is, is a statement of their fixed capital as they claimed it on December 31, 1918, applicable to the gas business; is that the idea?

A. Each year from 1905 to 1918.

Q. According to their claim?

A. According to their books.

Q. According to their books?

A. According to their books; this is a transcription from the books.

The Master: I will take that. I think that is a good thing to have. What are you hesitating about, Judge Ransom?

Mr. Ransom: The only thing I hesitated about is this: I know what it means; I have to sit up nights with men while they go over these things. They are gotten up in a careless way and they have to be put on the stand to correct them.

By Mr. Clark:

Q. Was it made under your direction?

A. Yes, sir.

Q. Checked under your direction also?

A. Yes, sir.

Q. And you believe it to be accurate?

A. I believe it to be accurate. 32870

Mr. Clark: I offer it in evidence.

Mr. Ransom: Objected to as incompetent, no foundation laid, no man produced whom we could cross-examine about it.

The Master: I do not think you want to cross-examine anybody about it. Have it marked.

Mr. Ransom: Nobody who could even go back on the stand and have it corrected.

The Master: You do not want it corrected. Objections overruled.

Mr. Ransom: Exception.

Marked Defendants' Exhibit A.A-246.

The Master: I would like to have a copy of the 32871
Fixed Capital schedule (same handed to Master). I just want this first page.

Mr. Ransom: All that is being received is this first sheet?

The Master: Yes, I call it a fixed capital schedule, if you will notice. It will be called a fixed capital statement.

Mr. Ransom: The balance sheet part of it is not received.

The Master: I think the record is clear, and if it is not clear it should be noted that this is sim-

32872

ply one of the schedules in a comparative balance sheet, that I refuse to take as a whole, but I am willing to take this sheet as showing the fixed capital appearing from the books of the company. Is it your claim, Major Clark, that they have not got or did not have a fixed capital in each of the years, as stated here, according to their books?

Mr. Clark: Yes.

The Master: What do you say about 1906—what was their fixed capital according to your claim?

Mr. Clark: I am not prepared to state at this

32873 time.

The Master: When will you be prepared to state?

Mr. Clark: When the experts are able to report on it.

The Master: When will that be?

Mr. Clark: I cannot state definitely.

The Master: Are they working on it now?

Mr. Clark: They have been all the time.

The Master: So that during all the years—

Mr. Clark: Yes.

The Master: In other words, you are going to prepare a table showing certain items included

32874 here should be taken out or reduced?

Mr. Clark: That is it approximately, yes.

The Master: Do I understand, Judge Ransom that these figures practically indicate, starting with your $30,000,000, approximately in 1884, what has been added to and subtracted from, from time to time?

Mr. Ransom: If this has been done correctly, it is exactly that. It is the appraisal plus additions and less withdrawals. In other words, what you would call the fixed cost of property.

The Master: Which is probably its fair value for the purposes of this case.

32875

Mr. Ransom: Well, your Honor has expressed your view.

The Master: That ought to be good enough for you.

Mr. Ransom: The real estate, for example, is in here at its cost to the company rather than at the measure which I believe is the sound rule. There is no item of working capital.

The Master: What do you think is the sound rule?

Mr. Ransom: What?

The Master: What do you think is the sound rule?

32876

Mr. Ransom: As to real estate?

The Master: Yes. Now, mind you, I mean a sound rule—not what some case has said is the rule, but a sound rule.

Mr. Ransom: Looking at it aside from cases, I think this is the rule—

The Master: The sound rule.

Mr. Ransom: The sound rule, yes—that when a value is placed upon land for purposes of taxation by state and city authorities, in any proceeding where those authorities or their legal representatives are contending they may not be heard to claim that the property, when you figure the basis on which a return should be computed, has less value than that on which they require the company to pay taxes. When they impose taxes on the basis of what the land would sell for under ordinary circumstances, if wholly unimproved, that is a minimum for the purposes of a case of this sort.

32877

The Master: Let us see if it is. We have not got so much work to do, so we can talk for a few minutes.

32878 Mr. Ransom: I am stating that without reference to the cases, but I have a definite impression of the cases.

The Master: I am talking about a sound rule.

Mr. Ransom: That is what I am talking about.

The Master: The rule that leaves no basis for argument of the possible unfairness to the public. This company comes along, we will say, in 1884 and pays fair value for some land needed for a public utility, namely $30,000 we will say for the land, without any work on its part, having procured practically a monopoly in the selling of
32879 gas to the people of New York, because of conditions over which it has no control and which does not affect it in the slightest by reason of the work it does, but because Manhattan Island is a crowded island and cannot stretch any more, that land becomes more valuable. Do you think it is a sound rule that that theoretical increase in value—and it is bound to be a theoretical increased value—shall be taken as a basis for charging the people of New York more than they paid before?

Mr. Ransom: Of course we are getting into a realm of political economy.

32880 The Master: No, we are not; we are getting into a realm of a sound basis—a sound, fixed, inflexible, unfailing basis for a rate. The minute you take value, fluctuating from year to year, you have not got a sound fixed basis that won't vary. The minute you start in with what you invested, your invested capital in this business, not crediting yourself with unearned increment by reason of the possible theoretical increase in value, or charging you with possible depreciation in value because of market conditions, you have got a sound fixed, definite rule that does not

32881

change through the years. That is the sound basis in my judgment for any case, where you can positively and surely determine the invested capital. The trouble I find when I analyze the case is this—that in so many of the public transportation and utility companies it is impossible to determine the actual capital invested, and then you have to find some other fair, definite basis or rule. If I were to determine some of these other cases I would go back somewhere to a reorganization—and most of these companies have been reorganized—and take the reorganization basis as a fair basis to start from, or some other 32882
definite basis. But I think this business of trying to determine values upon expert testimony or upon the testimony of Commissioners of Taxes from year to year, upon which they charge taxes, I do not think that is a sound and definite basis.

Mr. Ransom: It seems to me your Honor may be confusing investment and original cost, which after all are two different things, as I see it.

The Master: Yes, I know you do.

Mr. Ransom: And you are using the two expressions interchangeably. Of course the original cost of property is what the company has paid for it. That, however, at a given time is not nec- 32883
essarily, as I see it, the amount of the investment.

The Master: Why not?

Mr. Ransom: Or the value of the investment.

The Master: Why not?

Mr. Ransom: Because, for example, if I buy 100 shares of stock at par the cost of those shares to me becomes $10,000. Those shares, let us say, go up to $200. The value of that investment then becomes not $10,000, but $20,000.

The Master: Now, you are getting into theory. Your investment is $10,000.

32884

Mr. Ransom: No, the cost of it.

The Master: You can change your investment and make the profit, then reinvest your money in something else, but your investment is $10,000.

Mr. Ransom: My investment is $20,000, and I am out of pocket by keeping my money in that stock.

The Master: No, you are trying to get into Dr. Weber's schemes now.

Mr. Ransom: No, I want to stand on the cases.

The Master: I am standing on the cases as I

32885 analyze them, Judge Ransom.

Mr. Ransom: I have been analyzing them for a good many years.

The Master: I get so impatient with courts, high and low.

Mr. Ransom: We all share that view sometimes.

The Master: Including the United States Supreme Court, although I have not got that with me now. When I read as I do the decision in this very gas case, where they say it is the value of the property at the time you fix the rate that must be taken. At any rate, that is the gen-

32886 eral rule. If the property has so largely increased in value that the return would be unfair, then we have got to make another rule. What is the other rule?

Mr. Ransom: They do not say.

The Master: That kind of a decision is wrong, and I have no respect for a decision of any court which leaves the situation in that shape. Now, let us go ahead.

Mr. Ransom: So far as I am concerned I regard this whole thing as rather academic.

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The Master: So do I, but I want to get it right. Your complaint alleges that over a series of years you did not get a fair return. I probably will be asked to find, either by you or by the defendants, with reference to that allegation of fact. In order to find a basis I have got to find what the invested capital was; and that is what I am going to call it, from year to year, representing the fair value of this property, from year to year, to this company.

Mr. Ransom: That is here, except that working capital, of course, is not in this tabulation.

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The Master: All right, adding your working capital and fixed assets from year to year I know what your investment is. Take that at six per cent up to 1916, and it would show you should have been paid a net return of so much money. I have got to determine from year to year what your net return was, and on that I can base a finding. Beginning with 1916 or 1917, if I have any power to decide it, I am going to say you ought to get more than six per cent, that is my judgment, but only on investment.

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Mr. Ransom: Personally, I do not think that any tribunal in this country has established that, even down to 1916, six per cent was a reasonable return.

The Master: That may be.

Mr. Ransom: Because, for example, this Public Service Commission, then Commissioner Maltbie writing the opinion, right during that period, as to gas companies, was allowing a lot more than six per cent as a fair return.

The Master: My reason for taking six per cent will be that this first case turned on a six per cent basis and that I have got to base it on six per cent until I reach such a point where I can

say without any question that rule no longer applies and that the purchasing power of the dollar became such that six per cent was not six per cent any more, but must be eight per cent.

Mr. Ransom: The time when the higher rate is of course justified is for your Honor to determine.

The Master: I am going to determine that as I see it now beginning along perhaps in 1916 or 1917, perhaps the first part of 1918, I don't know. How far back I will go I do not know,
32801 but assuming six per cent was low in 1909, when this case was decided, surely it is too low now. That is what I am going to decide.

Mr. Clark: Your Honor, there is another part of this table that would be very valuable in arriving at the proper method of getting at working capital. That material and supplies which appears on the next page, toward the bottom of the page.

The Master: Prepare another table with that on it and nothing else, and I will take it.

By Mr. Clark:

Q. In this schedule of fixed capital that has just
32802 been received in evidence, Dr. Weber, do the figures represent, or are they supposed to represent the actual cost of the property, additions and retirements?

Mr. Ransom: Objected to. Incompetent. How can he say?

The Master: Well, I gather what they mean to bring out is that, as I understand it to be the fact, that no depreciation has been written off on these accounts.

Mr. Ransom: Heaven knows what they want to bring out.

The Master: Isn't that your point?

32893

Mr. Clark: Yes, actual cost without depreciation.

The Master: As I understand it, this is book cost, that is taking the thirty odd million dollars original capital, adding your additions and subtracting withdrawals and taking off nothing for depreciation.

Mr. Ransom: The book value is not taking off anything for theoretical depreciation.

The Master: Have you taken off anything for actual depreciation?

Mr. Ransom: What is taken off year to year by withdrawals. 32894

The Master: Well, in view of counsel's statement, it will not be necessary to press the question. I am not going to take into consideration theories of depreciation or anything else.

Mr. Ransom: No need for it.

Mr. O'Brien: Your Honor, at this time I want to call attention to the minutes of the proceeding of yesterday, and particularly the snoopiness of Mr. Ransom in going around and talking to witnesses that I subpoenaed here for the defendants. It would look here as though Ransom was attorney for the National City Bank.

The Master: Maybe he is. How do you know 32895
he isn't?

Mr. O'Brien: Well, I doubt the propriety of his being attorney for interests combined, of that kind, in the face of the conditions in this case, and I want to say to your Honor, in the face of this record here, 9678 to 9686 of the mimeograph record of yesterday, that I think it was entirely uncalled for for Ransom to approach witnesses, as he has done repeatedly before with the City's witnesses.

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The Master: How do you know he did? How do you know the witnesses did not come to him and ask him how soon they could be called.

Mr. O'Brien: I want to condemn the practice, and I am taking the record as it appears, where he opens the proceedings yesterday by protesting about a witness being retained here. I want to protest against it.

The Master: Well, your protest will be noted.

Mr. O'Brien: I want to say to your Honor that he has shown a lack of decency all the way through this case. If he has any comments to
32897 make he might make them while I was in court. Now, as a matter of fact I have got three or four children sick in my family, three of them pretty sick and another one quite sick, which delayed my being here yesterday and today. In the second place, I had a report to me from the process server upon the gentleman who came yesterday morning, and I think that this is entirely lacking in the ordinary decency and chivalry that ought to obtain between counsel in a case of this kind, where we have got to be together for a month, entirely uncalled for. And it is not the first time that in my absence he endeavored
32898 to surreptitiously do something that he might have retained until I was present in court. Now, it doesn't get him anywhere with his client, it does not help his client. He has taken up the time of this court in the testimony of Ulrich, in the testimony of Mr. Teele and other witnesses in this case on what subsequently turned out to be irrelevant matter. He has disclaimed any idea lately, within the last week, of taking the operating expenses and operating revenues or net revenues and the return upon the value of complainant's property brought into the case and yet he took up our time and took up our investigator's

32899

time by making allegations in the complaint that bring up those matters and create those issues, and he brought into the case here exhibits by Mr. Teele that required a lot of time and study on the part of the defendants; he brought in Alrich here—

The Master: I should imagine from what I have seen of the operating results from 1906 to 1915, and the position that you counsel for the defendants take and the finding that you will probably ask me to make, and that I probably will make, that in support of that contention, you ought to be mighty glad that it was opened up and 32900
brought in, because you will want it in yourself.

Mr. O'Brien: Your Honor, what I am driving at is the way this case has been presented and the time lost. He is not serving his own client's interests, and he is trifling with the court. He has been unmanly throughout the case; he has written a letter expressing his views, criticising the conduct of this case to Judge Mayer, upon which I do not expect you now to comment, but it was entirely indecent.

The Master: I won't comment upon it now or at any other time. Now, let us cut this person- 32901
ality short.

Mr. O'Brien: Talking to witnesses and protesting in behalf of the National City Bank, which is handling all of this company's money, the interest on which has not been explained entirely satisfactorily in this case, which makes it important to bring out the connection between Shearman & Sterling and John W. Sterling with the National City Bank and the complainant company.

The Master: Now, Major Clark, have you anything else?

32902 Charles Frank, Direct.

CHARLES FRANK, resumed the stand:

DIRECT-EXAMINATION BY MR. CLARK:

Q. Mr. Frank, I show you a schedule entitled, "Consolidated Gas Company of New York, Meter Property Account, 1906 to 1918," and ask you whether that was prepared under your direction?

A. It was.

Q. Was it checked under your direction?

A. It was checked by me.

Q. Do you believe it to be correct?

32903 A. I believe it to be correct, yes.

Q. Now, the first page of that exhibit, will you explain what the two divisions of the page purport to show?

A. The upper part shows the balance at the beginning of each year 1906 to 1918, in the account "Meters" under the caption of fixed capital, December 31, 1908, and the additions to that account, the credits and the balance at the close of each year, and the second block at the bottom of the page shows similar changes in the meter account under the caption of fixed capital installed since 1908.

Q. Now, turning to the next page, you have the
32904 first column, "Meters Purchased." Will you explain whence those figures are derived, I mean all the figures on this page?

A. From the bills of the meter companies for actual meters purchased for the whole period.

Q. Those figures are a summation of the amounts appearing on the actual bills for meters purchased?

A. Yes.

Q. The same applies to the meter parts?

A. Yes.

Q. What can you say as to the column "Other Companies." What does that represent?

A. In 1906, 1907 and 1908, the Consolidated Gas Company was allowed certain discounts by the parties from whom they purchased meters. It was credited to the meter account. Later some of the affiliated companies got a portion of these discounts. They were allowed their proportion of discount by the Consolidated, and the offsetting credit was made to the meter account—I mean the offsetting debit was made to the meter account.

Q. Will you explain the items in 1911 and 1913?

A. Yes, 1911 and 1913 there were vouchers from other companies, but the vouchers were not located by 32906
Mr. Davidson. They are small amounts.

Q. The column headed "Undistributed," what does that represent?

A. Very largely it represents small cash and payroll items which could not be applied to any particular meter, with the exception of 1911, where there is a note explaining it is simply an adjustment, a book adjustment to correct certain entries made the previous years.

Q. And the figure in 1913, what is the explanation of that?

A. You mean the figure $1,919.88?

Q. Yes. 32907

A. Simply a bookkeeping adjustment. There is an exactly similar amount on the other side of the ledger.

Q. Page 3 consists of notes upon the schedule, and are the facts stated therein correct?

A. They are.

Q. The same as to page 4?

A. Yes.

Q. The final pages of the exhibit are made up from what source?

A. From the books themselves.

32908 Charles Frank, Direct.

Q. With the exception of the figures at the bottom of the sixth page?

A. With the exception of the totals and the average cost. That is a derived figure.

Q. And the figures at the bottom of page 6, the number of meters retired by company's annual returns?

A. That is compiled from the annual reports.

Q. To make up these figures you had all of the actual bills of the company?

A. I had practically all of them. There was one
32909 missing here and there, but very few.

Q. And when you came to check this schedule, were you able to procure all of the bills to check it?

A. Oh, no. When we checked it before we checked it, we had returned the bills to Mr. Davidson, and when we went for them again, in order to check it, we were not able to get all of them.

Q. How many were lacking, if you remember?

A. I do not recall the number, but I think there were all the bills of the New York Improved Meter Company for about three or four years, that is 1906, '07, '08 and '09.

Mr. Clark: I offer this schedule in evidence.

32910 Mr. Ransom: May I see a copy of it?

Mr. Clark: Yes.

The Master: What is the contention here, that they retired more meters than they ought to retire there?

Mr. Clark: Yes.

Mr. Ransom: It is practically impossible for our men to work at night on a schedule like that, we get only one copy, and that is practically illegible.

The Master: Well, here is another copy.

Mr. Ransom: I will make my general objection as previously indicated, and defer more specific objections until I have had an opportunity to examine the document.

The Master: Objection overruled.

Mr. Ransom: Exception.

Marked Defendants' Exhibit AA247.

Q. Mr. Frank, I show you a schedule entitled, "Consolidated Gas Company of New York, Plant and Construction Accounts, 1906 to 1918," and ask you whether that was prepared under your direction?

A. It was. 32912

Q. Will you state the manner in which that exhibit was prepared?

A. We had certain schedules of plant additions and plant withdrawals, and we tabulated them—

Q. Are these the schedules of Mr. Teele that you checked (showing papers to witness)?

A. Yes.

Q. Did you check those books?

A. Yes.

Mr. Ransom: Let us see what exhibits they are.

The Master: What exhibits are they?

Mr. Clark: I think they are the ones that were 32913
not admitted.

Mr. Ransom: One is a document marked, "Additions to Manufacturing Plant and Equipment, Consolidated Gas Company, January 1, 1906 to December 31, 1918," and stamped, "Public Service Commission, First District, May 29, 1919, Bureau of Statistics and Accounts"; the other one is, "Consolidated Gas Company, Manufacturing Plant and Equipment, Plant Withdrawn From Service, January 1, 1906, to December 31, 1918," with the stamp, "Public Serv-

32914

ice Commission, First District, May 29, 1919. Bureau of Statistics and Accounts."

Mr. Clark: They were both prepared by Mr. Teele. You will concede that?

Mr. Ransom: It is admitted that they were both prepared by Mr. Teele.

The Master: Now, you checked them up to the books, and then what happened?

The Witness: Then we tabulated them to show the increases and decreases in each plant for each year; that is, the increase and decrease for each manufacturing plant in each year.

32915 The Master: In other words you have now prepared a table criticising something that is not in evidence?

Mr. Clark: It is not criticising it, no. We found that these are the actual additions and withdrawals as appearing on the books, and we used this schedule merely as a guide. They are the additions as appearing on the books, and we separated them for the purpose of convenience into the various plants from which they were withdrawn.

Mr. Ransom: You will remember, this was a document originally gotten up to tie into the

32916 Court's findings, and then when your Honor indicated so definitely against our contention that you would take the Court's findings as evidence, we had to get up a new one—

The Master: That I would not take the Court's findings?

Mr. Ransom: Yes.

Mr. Clark: We did not use the Court's findings.

Mr. Ransom: The Teele statement was one which was gotten up, on its face, to tie into the Court's findings.

Mr. Clark: Each page of this exhibit shows from the books the changes in plant account for one of the manufacturing stations or other stations of the Consolidated Gas Co.

Q. That is correct, is it not, Mr. Frank?

A. It is.

Q. On page 3, second column, debits during the year, you have (a) opposite the figure $104,699.46 but there is no note. Will you state what the note should be, the explanation of that?

A. $886.22 included here was not included in the Patterson, Teele & Dennis Schedule as a plant addition, 32918 but was included by them in the real estate additions.

Q. This table is accurate?

A. It is.

Mr. Clark: I offer it in evidence.

The Master: It will be received over the same general objections.

Mr. Ransom: Exception.

Paper received in evidence and marked Defendants' Exhibit AA248.

Q. With reference to Exhibit AA131, Schedule No. 25, cost of production and storage of gas at each station, 1906 to 1918, you stated on cross-examination 32919 that the figures appearing on the page referring to operations in 1911, residual expense under total works, instead of $6,252.03 should be $13,337.37. Have you computed the changes in other figures on this table which necessarily results from the change of that figure?

A. Yes.

Q. State what they are?

A. I have changed all the figures in the line "Residual Expense" to correspond with the figure for "Total Works." That is, I have spread the total amount

of residual expense over the different works, and that necessarily changes the figure of net credits from residuals.

Q. Will you state what the figures in the line "Residual Expense" should be?

A. For 14th Street Works, 7,452.66
" 42nd " " 3,471.88
" 21st " " 926.57
" 44th " " 518.08
" 99th " " 1,008.18

32921 13,337.37

Q. The figures under the next column, "Net Credit from Residuals," should be what?

A. 14th Street, 109,622.59
42nd " 102,088.14
21st " 92,170.51
44th " 33,863.84
99th " 15,941.46

353,686.54

Q. Is there any change in the line "Derived Cost Per Thousand Cubic Feet Made"?

A. Yes, sir, it changes the resultant figure of de-
32922 rived cost for gas made. The correct figures are:

14th Street, 35.06
42nd " 36.98
21st " 22.99
44th " 21.77
99th " 25.06

23.94

Q. Are there any other changes due to that?

A. It changes the line of "Residuals Credit"; also the line "Cost of Gas Made."

Q. Isn't that what you just read?

A. No, I read the residual credit and the average cost per cubic feet made, but I did not read the total cost of gas made.

Q. The grand total?

A. Yes.

Q. What should that figure be?

A. The corrected figures are:

14th Street.	146,711.14
42nd "	153,670.81
21st "	1,356,494.72
44th "	578,680.80 32924
99th "	287,761.64
	2,523,319.12

Q. Are those the only changes made?

A. Those are the only changes.

Mr. Clark: That is all.

CROSS-EXAMINATION BY MR. RANSOM:

Q. So, your station cost for 14th and 42nd Street is about ten cents more than the water gas at 21st Street and 99th Street under your corrected figures?

Mr. Clark: That appears from the table.

A. 14th and 42nd Streets, it is 35.06, and 36.98 respectively. For 21st Street and 99th Street it is 32925 22.99 and 25.06 respectively. There is quite a large difference. The difference between 42nd Street and 44th Street is 15 cents.

Q. You don't know what the price of oil was at that time?

A. No, I cannot tell from this statement.

(Witness excused.)

Mr. Clark: That is all I have.

The Master: Do I understand that the defendants have nothing further to offer today?

Mr. Chambers: Have you produced that letter from Mr. Addicks?

Mr. Ransom: Yes (handing papers to Mr. Chambers).

Mr. O'Brien: Your Honor, while we are waiting for that may I call Mr. Carter to the stand for a few minutes?

The Master: Yes.

32927 Robert A. Carter, recalled:

Direct-examination by Mr. O'Brien:

Q. Mr. Carter, the complainant company has recently offered for purchase certain seven per cent convertible gold bonds to the amount of $25,000,000.

A. Has it done what?

Q. Has it offered to its stockholders and to the public for purchase, for sale?

A. It offered to its stockholders for subscription an issue of bonds. It has offered no bonds for sale to the public.

Q. Is the statement correct in the prints that they
32928 have been all bought up by the stockholders; that they have all been subscribed to?

A. The statement is not correct, if such a statement has been made. I have not seen any statement to that effect.

Q. What has the company done with the balance of the bonds?

Mr. Ransom: Objected to as immaterial. What has that got to do with any issue of this case? The fact that somebody is offering bonds for sale has nothing to do with any issue of this case.

The Master: Objection sustained.

Mr. O'Brien: Your Honor, it is preliminary to several other questions.

The Master: I know what it is, you want to offer in evidence an advertisement of somebody or other. The National City Company, is it?

The Witness: Yes.

The Master: Offering these 7 per cent—notes, are they not?

The Witness: Bonds.

Mr. Ransom: Convertible gold bonds.

The Master: Convertible bonds. This advertisement contains certain statements as to the 32930
security for these bonds, this security being some stock in an electric lighting company, paying dividends of twice the amount of interest required to be paid on these bonds, and I shall refuse to take the proof into this record as being immaterial to this issue.

Mr. O'Brien: Your Honor, may I proceed with the questions and make the record?

The Master: No. I have made your record for you. I have stated what the "Ad" says.

Mr. O'Brien: That is not all.

The Master: Go on. We have some time to waste today. 32931

Q. Mr. Carter, you are acquainted with the advertisement that appeared in the daily papers today, to which the Master refers, in which the National City Company offers for sale certain of these bonds and in which this company refers to a statement made by Mr. Cortelyou as to the condition, the financial condition and returns of the complainant company, are you?

Mr. Ransom: Objected to as immaterial. What difference does it make whether he is familiar with

it or not? He may have seen it and we all may have seen it.

Mr. O'Brien: Your Honor, there is a positive statement. The figures thus far available indicate—

The Master: No.

Mr. O'Brien: Do not be afraid of it, your Honor. There is no jury present.

The Master: Let me see the ad and point out to me—

Mr. O'Brien: There is the statement that is

32933 credited to Mr.—

The Master: What part is material to this issue? I read it this morning and I could not see anything material to this issue in it.

Mr. O'Brien: My idea is that the whole statement credited to George B. Cortelyou, president of the complainant company, in which these bonds are offered to the public through the National City Company, is material in this case. Such part of it as your Honor refers to, relating to the electric light company, I assume you have eliminated to be consistent with the ruling which you have made that we are not concerned at all or to

32934 any degree in this case with the business of the New York Edison Company.

By the Master:

Q. Mr. Carter, did you see the letter of George B. Cortelyou referred to in the advertisement of the National City Company published in The Sun today?

A. I saw an original draft of it containing some marginal corrections that were to be made in it, but that is the last time I saw it. That was before it was signed and I have not seen it since it was signed.

Q. Did you see the ad as published?

A. I saw an ad. My attention was drawn to the ad that appeared in last night's papers.

Q. That ad as published, did it substantially and correctly summarize the statements made by Mr. Cortelyou in his letter, would you say?

A. I could not say, not having seen the letter. I should say having seen the original draft of the letter it was intended he should sign, that it was not as complete as the letter that I saw.

Q. Figures giving the total revenue and matters of that kind. For instance, it states here that the gross revenue of the system—that figure is correctly given?

A. I should think that might be correctly given.

The Master: You could offer this ad, and 32936
I am going to rule it out. Mark it for identification. I say it has nothing to do with this case.

Mr. O'Brien: Well, I call your Honor's attention particularly to the—

Mr. Ransom: I object to the reading in of this document.

Mr. O'Brien: Do not get that traffic cop's flapper of yours up before my vision again, before I get through. The Master will be Master here.

The Master: The point about it, Mr. O'Brien, is that there is no sense in reading that.

Mr. O'Brien: I am not going to read it, your Honor. I want to bring out its materiality. 32937

The Master: I assumed you would offer it, and I read it carefully having that in mind; and I assumed, too, when I saw the ad published, that Mr. Cortelyou was careful to refrain from making any statement that might be used against the company in this case. That would be in the nature of things. What is the use?

Mr. O'Brien: Let me have my statement, your Honor. Certainly you are not afraid to let your mind operate while I talk.

The Master: But do not spread any figures.

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Mr. O'Brien: I am not spreading any figures. I want to call your attention to what I say is the materiality of that advertisement to this case, and call your attention to this statement of Mr. Cortelyou. It is material because it shows his representations as to the gr ss revenues of the whole system. I will not mention that amount because your Honor does not want it. It is material because he sets up a comparison between the revenues of the electric business and what he calls the artificial gas business. It is material because it shows the relationship, the intimate relationship,

32939

between the New York Edison Co. and the Consolidated Gas Co. in the stock. More than one-half of the stock of the Edison Company is put up as security for these bonds, the proceeds of which I assume are going to be used in the gas business of the complainant company.

The Master: Not necessarily.

Mr. O'Brien: Not necessarily, but we can assume that for the purposes of our argument.

The Master: They may have to use some of it to meet some of this annual deficit they are talking about.

Mr. O'Brien: It is material further because it

32940

refers to the system, it recognizes what they call the system; it makes a claim of the company as to its franchises. In its last paragraph it is very material because it gives us the net earnings of the system in 1919 as to operating expenses, taxes, etc., including a certain amount for renewals and replacements for reserve—it gives us that total amount from the net earnings, and then it makes a comparison between that amount and the annual interest on the funded or other debt of the system.

Your Honor, this in various directions has a very close bearing upon this case. We have maintained in the very beginning of this case that you could not try the Consolidated Gas Company's case here without going into the whole system. To properly try this case you would have to have the operating expenses and revenues, you would have to have every company connected with the system; you would have to have before you the proof that these various branches of the system were reasonably run, economically run, that they were making gas by the best method under 32942
the present day conditions that it could be made, and that there was not wanton extravagance and unreasonable expenses, etc. This is a public declaration, recognizing this system, setting forth the profits of the system.

The Master: Including the electric light.

Mr. O'Brien: Well, I could not say whether the system as they refer to it there—

The Master: It says so.

Mr. O'Brien: It does not say that in the ad.

The Master: Yes, it does. That is quite clear.

Mr. O'Brien: Whether that means, the last paragraph— 32943

The Master: No, it is quite clear.

By Mr. O'Brien:

Q. I will ask, Mr. Carter, if in the advertisement referred to the word "System" includes more than the gas companies affiliated with the complainant?

Mr. Ransom: Objected to as incompetent.

The Master: I will allow it.

Mr. Ransom: Exception.

A. It does; it includes the electric light companies.

Q. And therefore where they refer to the net earnings it means the system including the electric light

business of the companies affiliated with the complainant?

A. There were no net earnings except in the electric business.

Q. Well, it includes electric earnings?

The Master: The witness has answered there were not any net earnings except from the electric lighting end of it. That is why I will not take the ad because it ties up the electric lighting business here, and you have your exception on it.

32945 Mr. O'Brien: You know my contention right along, your Honor, that the burden of proof is on the complainant in this case.

The Master: Surely.

Mr. O'Brien: Even if you accept *in toto* the *obiter dictum* of the Court of Appeals in the Municipal Gas Company decision, the burden, even assenting to that decision, would still be on the complainant in this case to prove here beyond a rational doubt that the electric business, which they have in the palm of their hand, has not been conducted to the detriment or disadvantage or the loss of the gas making business of the complain-

32946 ant company.

The Master: I have ruled on that.

Q. Mr. Carter, you did not mean that the Astoria Company was not making money when you said none of the gas companies had any gas revenue in 1919?

A. The Astoria Company does not deal with the public at all; it is a manufacturing concern.

The Master: It is quite clear on the record that the Astoria Company sells its gas to this company at cost plus a profit; that is, cost plus a charge for interest on its investment. Now, that is the record.

Mr. O'Brien: Well, I understand. Mr. Carter has made it clear that he did not include that when he made his statement.

The Master: Why, he included it.

The Witness: I include that. Taking them as a combined group, it applies to all of them.

The Master: Taking all of the companies, including the Astoria, he says that no profit was made by the sale of gas to the public.

Q. You mean taking them as a group?

A. As a group.

Mr. O'Brien: Your Honor, will you permit 32948
me to have this marked for identification?

The Master: Yes, I will do that.

Mr. O'Brien: I offer here to be marked for identification, page 13, an advertisement on page 13 of the "Sun," Wednesday, January 21, 1920, entitled, "New Issue, $25,000,000, Consolidated Gas Company of New York, Five Year Secured Seven Per Cent Convertible Gold Bonds," offered by the National City Company to the public, and which includes the statement, accredited to Mr. George B. Cortelyou, referred to by the Master.

Mr. Ransom: The fact that these bonds are 32949
being issued to retire some convertible 6's has already appeared.

Marked Defendants' Exhibit AA249 for identification.

Q. Mr. Carter, will you say at what price these bonds were offered to the National City Company?

Mr. Ransom: Objected to as immaterial.

The Master: Objection sustained.

Mr. O'Brien: Exception.

Q. Will you state at this time, Mr. Carter, what interest the complainant company received during the

years 1917, 1918 and 1919 from the National City Bank upon its deposits?

Mr. Ransom: Objected to as incompetent, irrelevant and immaterial.

The Master: Objection sustained as fully covered.

Q. Was the interest different on different funds?

Mr. Ransom: Objected to as fully covered.

The Master: Objection sustained.

Mr. O'Brien: Exception in each instance.

Q. Was any atttempt made to find out what other
32951 banks would pay in the shape of interest on deposits made by the company?

Mr. Ransom: Objected to.

The Master: Objection sustained.

Mr. O'Brien: Exception.

Q. Was any offer ever made to institutions of deposits of the company's moneys outside the small accounts of the Commercial Branch offices?

Mr. Ransom: Objected to as fully covered.

The Master: Objection sustained.

Mr. O'Brien: Exception. Your Honor is rejecting it because you assume it is already covered in the case?

32952 The Master: I say it is sufficiently covered.

Mr. O'Brien: That will be all at this time.

Mr. Chambers: I offer in evidence copy of letter produced by the complainant, signed by W. R. Addicks, vice president of the New York & Queens Gas Company, to the Public Service Commission, which letter bears date January 7th, 1916.

Mr. Ransom: No objection to that. It simply shows how much cheaper it was possible to get the oil of the Consolidated than other companies were having to pay.

32953

The Master: I will take it.

Marked Defendants' Exhibit AA250, and reads as follows:

"January 7, 1916.

Public Service Commission, First District,
154 Nassau Street,
New York City.

Attention Mr. George S. Coleman.

32954

Dear Sir:

Will you kindly find herewith copies of contracts for the New York & Queens Gas Company for 1905, 1907 and 1908, with copies of two letters, dated October 6, 1908 and February 7, 1913, respectively, between the Standard Oil Company and the New York & Queens Gas Company.

On the expiration of the last contract a barge of oil was bought from the Standard Oil Company at 6-1/10¢ a gallon. In February of 1913 a contract was made to purchase 200,000 gallons of gas oil from the Sun Oil Company at 6-3/10¢ a gallon which was 32955
canceled by payment of $1,500.00, the oil being obtained through the Consolidated Gas Company's existing contract at .308¢ per gallon.

Very truly yours,

W. R. ADDICKS,
Vice President."

32956

Mr. Chambers: The next matter is this: We would like to have permission to take some photographs over in the Astoria plant.

Mr. Ransom: I do not see any reason why they should be permitted to take photographs in the Astoria plant. In many portions of the plant I understand photographs can only be taken by flashlight, and taking photographs by flashlight in a gas plant is rather a serious matter.

Mr. Chambers: We do not have to do that.

The Master: What do you want it for?

Mr. Chambers: We want to show some of the

32957 layout over there at the Astoria plant.

Mr. Ransom: It is quite immaterial to this case.

The Master: Let them take the photographs. I do not believe I can make any direction on it, but I think you might as well let them take the photographs. What is it precisely you want to photograph over there? Does Mr. Maltbie know?

Mr. Chambers: No.

The Master: Who does know?

Mr. Chambers: Mr. O'Brien.

Mr. O'Brien: I cannot say, your Honor, at this minute.

32958 The Master: I do not think this complainant ought to be required to allow photographs of these places unless some reason is assigned for it.

Mr. O'Brien: I will come into court tomorrow and give you the detail for it.

The Master: Then let us wait until tomorrow. There must be some question about this.

Mr. O'Brien: The question goes to the capacity of the plant, the method by which they make gas, and the details of the whole layout.

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The Master: You let me know in the morning, or let the complainant know, precisely what you want to photograph.

Mr. O'Brien: Of course, if there is any danger at a particular point in taking a photograph, that would have to be omitted, that is all.

The Master: Let us know in the morning for what purpose you want the photograph. If I can see the purpose of it, or Mr. Ransom can, we will fix it up. If I cannot see any purpose in it I will not make a direction about it; if there is a purpose I will go as far as I can to see that it is done.

32960

Mr. O'Brien: We would not be just playing with ourselves, your Honor—sort of out-door sports.

The Master: You might feel that it is necessary to take photographs of the units over there to see how they should be built. I do not think that is necessary. I think there is a great amount of land over there that is not being used, and I think you can take that big map we used as showing vacant space, if you think it is really necessary. I do not think it is, if that is the purpose; but make up your mind definitely as to just what you want.

32961

Mr. O'Brien: I will give you the list of the points, if that will be necessary, your Honor.

The Master: I think so. I do not think they ought to say, "Go on and photograph everything over there."

Mr. O'Brien: But it is necessary because it presents a graphic picture.

The Master: What else is there?

Mr. O'Brien: We will photograph what your Honor saw.

32962

The Master: I think it is pretty clear on the record.

Mr. O'Brien: I will satisfy your Honor to-morrow.

The Master: I doubt whether I have any power to make a direction, but if it is at all useful to this case and I indicate a desire to have it perhaps counsel for the complainant will do it.

Mr. O'Brien: Your Honor, I might settle that now. It will not only give the exterior, but it goes into the question of the condition of the various parts of the plant, and it will—

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The Master: At Astoria?

Mr. O'Brien: Yes. I think it will be graphic and will be helpful. Of course your Honor could exclude them if they do not seem to be material when they come in. But so far as care goes in taking care of the complainant's property and all that—

The Master: This is Astoria?

Mr. O'Brien: Astoria.

The Master: I will not make any direction about it one way or the other. Counsel for complainant can do as they please about it. So far as I am concerned I am not prepared to say that

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I believe it would be of any use to me or to this record, but I will not make any request on that theory, and I will make no direction because I do not believe I have any power to make a direction.

Mr. O'Brien: Well, isn't it a fair proposition to have pictures taken and the complainant permitted to take pictures at the same time? Does it not conserve their rights?

The Master: I do not think we are interested in that at all.

32965

Mr. O'Brien: But, you see, your Honor, you have seen and have gone over there and mentally photographed that plant and every part of that plant. It is there in the memory of the Master's mind, the picture of that plant as they make gas there. Your mind is not going up to the higher courts except as you have spoken it into the record, and I think it would be fair to the record and to the Court to have some pictures taken that will be properly taken and with due regard to the safety of the plant.

The Master: No, I will not make any direction about that.

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Mr. O'Brien: Well, is counsel going to refuse the privilege to photograph? They can settle it now.

Mr. Ransom: If Mr. O'Brien would write a letter or give me a memorandum indicating what he wants to photograph over there, and some indication of what it is about, why, I will take it up. I am not going to give him any general permission. It would be a very dangerous thing for either counsel or the executive officers of the company to undertake any such blanket grant.

The Master: Is there anything else now?

Mr. Chambers: Is that matter settled?

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The Master: It is just as much as it can be now. Have you any further proof to offer?

Mr. Chambers: Nothing further now.

The Master: Or Mr. O'Brien?

Mr. O'Brien: Not at this time, your Honor.

The Master: Have you, Major Clark?

Mr. Clark: No, I have not.

The Master: When will you be ready, two o'clock?

Mr. Chambers: To-morrow morning.

Mr. O'Brien: I expected Mr. Edgerton would be ready to go on today, your Honor, but this

32068 weather has certainly had its effect on his physical condition.

The Master: Where is he now? Do you mean he cannot come down in this kind of weather?

Mr. O'Brien: He can get around, but he does not feel well this kind of weather.

The Master: Well, I would go to his house and take his testimony.

Mr. O'Brien: I had expected to have him ready, but it will be a matter of my having a conference with him before he goes on, and going over and checking up some matters.

32069 The Master: If Mr. Edgerton is not able to come here to testify to-morrow or the next day—

Mr. Ransom: Can't we go on this afternoon?

The Master (continuing): I will arange to go to his house.

Mr. Ransom: If we go on here an hour or an hour and a half or two hours a day, we will never finish this case.

The Master: I don't see what I can do. Counsel say, and I haven't any doubt—I don't want to make a statement that Mr. O'Brien thinks reflects on him, but I don't think Mr. O'Brien has any more proof, and that is why I am omitting him, but I haven't any doubt that Mr. Clark and

32070 Mr. Chambers are working as hard as they can with their experts to get their stuff in shape.

Mr. Ransom: I think they ought to either go on and put their proof in, or this case should be closed.

The Master: I won't close it. I don't think you should suggest it. It is too important a case, after running seven months. I think so far as Mr. O'Brien is concerned he probably hasn't much more.

Mr. O'Brien: Well, you wait.

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The Master: Well, I won't wait. If you have anything more I want you to put it in.

Mr. O'Brien: Of course I will put it in.

The Master: Well, put it in now. Why don't you do it now?

Mr. O'Brien: I haven't it ready now.

Mr. Ransom: Where is Mr. Little?

The Master: Where is Mr. Little?

Mr. O'Brien: I don't know where he is just now.

The Master: Why isn't he here?

Mr. Ransom: Where is Mr. Boylan and Mr. Cullinan and Mr. Davidson and Mr. Hope, and 32972
all these men that have been running around our plants without a permit?

Mr. O'Brien: Well, your Honor, I had understood that as we went along there were certain proofs to go in here before we reached that branch of the case. The division of the work was made so that we would not be duplicating each other's work.

The Master: I know, but you have certain experts you want to call.

Mr. Ransom: Four to six men that are running around our plants.

The Master: You ought to call them. Let us 32973
have them. If Mr. Edgerton is not able to be here, tell me where he is and I will adjourn now to his place. Let us go up there and take his testimony.

Mr. O'Brien: I suppose he might be ready to go on to-morrow.

The Master: Well, isn't he ready now?

Mr. O'Brien: But there are certain proofs that are going to be put in by the other defendants.

The Master: Don't you pay attention to the other defendants in the matter of your proof. Where is Mr. Little?

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Mr. O'Brien: I say to your Honor now—

The Master: Are you going to call Little?

Mr. O'Brien: Yes.

The Master: Or Mr. Edgerton?

Mr. O'Brien: Oh, yes.

The Master: And who else?

Mr. O'Brien: Mr. Sangster.

The Master: Where is he?

Mr. O'Brien: He is in the city now.

The Master: Let us have him now.

Mr. O'Brien: He cannot go on today because his work is not completed.

32975 The Master: Who else are you going to put on?

Mr. O'Brien: I don't know as to the other witnesses, yet. That will depend upon the progress of the case, and a good many things I won't discuss here.

The Master: Well, will you have Mr. Edgerton ready in the morning?

Mr. O'Brien: Will I?

Mr. Chambers: Cross-examination is on for to-morrow.

The Master: I am going on with Edgerton here if he is ready.

32976 Mr. O'Brien: If I can have him ready, I will.

The Master: How about Miller, can you have him here in the morning?

Mr. O'Brien: Miller?

Mr. Ransom: Hope, Sangster, Davidson?

The Master: Little, how about Little?

Mr. Ransom: Towns, Boylan.

Mr. O'Brien: He won't be ready.

Mr. Ransom: If we cannot go on with the defendants' proof I will go ahead with my cross-examination this afternoon at two o'clock.

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The Master: All right. Whom do you want here?

Mr. Ransom: Mylott, first.

Mr. O'Brien: Hasn't your Honor stated it was arranged yesterday that Mr. Ransom was to go ahead with his cross-examination to-morrow morning?

The Master: No, as soon as he was ready I was going to have him. If he is ready to go ahead with Miller or Mylott, we will go ahead at two o'clock.

Mr. Ransom: I will go as far as I can. I think I can finish with Mylott.

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Mr. Chambers: If your Honor please, Mylott is working on other cases, and when he gets to it we will produce him, but when he takes up his examination he ought to finish with him and not have us waiting around.

Mr. Ransom: If you are finished with Mylott for the purpose of this case, I will finish with Mylott this afternoon.

Mr. Chambers: I withdrew him as completed. I may recall him.

The Master: Have Mylott here at two o'clock, and we will go on with him.

(Discussion off the record.)

32979

The Master: I direct counsel for the City to have in court to-morrow the experts whom he expects to call, and I direct counsel for the other defendants to speed up and have all the evidence ready here and not assume that some other defendant is going to do something else, even if some witnesses of the City are here. I have got to have this case finished.

Mr. O'Brien: Well, your Honor, in regard to that, having them sitting around here, it is hard to do that when they are closing up work and

32080 getting up typewritten schedules and checking them up, and all that, and so that your Honor may feel confident that you are not going to be delayed, I will state that if they are not ready to go ahead, the other defendants, on Friday morning, that I will proceed at that time. I will go right through.

The Master: I cannot, for the life of me believe that counsel for the defendants are deliberately delaying the work of finishing up this case. It seems so utterly absurd.

Mr. Ransom: I do not think they are deliber-
32081 ately delaying it, but I do not believe they are trying to finish it. There is a good deal of—

Mr. O'Brien: Why, we have got the Brooklyn Union case, and all the other gas cases approaching, so why wouldn't we want to finish? As to the question of delaying the closing of this case, it is ridiculous to assume any such thing.

The Master: I should imagine that everybody would want to finish up this case and get it out of the way.

Mr. Chambers: That is true, and I am very anxious.

Mr. Ransom: I do not think they feel any re-
32082 sponsibility for closing as long as they can stall.

The Master: When Mr. Chambers finishes this job he will go on another job, his salary will go on just the same. What difference does it make to him whether he finishes this case now or six years from now? He would just as lief get this out of the way and take something else; I should imagine he would want to. And I should imagine that Col. Hayward and Major Clark would think the same way about it, although they may be on a per diem basis. I don't know; but so far as Mr. O'Brien is concerned, it doesn't

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make any difference to him, the quicker he gets out of this case the quicker he gets it out of his mind and gets on something else.

Mr. Chambers: It will save money the sooner I get it closed. It costs money to keep these experts on the stand.

The Master: So I am opposed to the idea that it is being tied up because of experts more than anything else, but there has got to be a limit to it.

Mr. O'Brien: Well, will your Honor just amend that direction as to—I do not want to lose any time to-morrow by having men down here. 32984

The Master: How much time will you be able to consume? You will be able to go ahead with some cross to-morrow, I suppose, won't you?

Mr. Ransom: I do not know as I will have much cross.

The Master: I don't think you will, and the defendants have been assuming that you will consume a good deal of time on cross-examination, and you cannot do it.

Mr. Ransom: We have not been able, up to the last I knew, to do any checking with Silverman on the points of variance.

The Master: These tables have been prepared on different theories, that is all. 32985

Mr. Ransom: Different theories and a nice lot of pet labels.

The Master: The only point about it is that I want to get rid of this, I have got to get rid of it. I am probably the only man that is suffering by this.

Mr. Ransom: The company is.

The Master: I mean the counsel here.

Mr. Clark: I think there are some others in that.

The Master: You get paid for every day.

Mr. Clark: I am not getting paid anything.

32986

The Master: Not getting paid anything?

Mr. Clark: Not yet, no promise of it.

Mr. Ransom: I will go ahead as far as I can at two o'clock, and your direction is that counsel for the City—

The Master: My direction is general that counsel get all the proof here that they possibly can for to-morrow morning.

Mr. Chambers: That is fair.

Recess

32987

Afternoon session

Mr. Ransom: Before I begin the cross-examination of Mr. Mylott, there is a matter that I would like to bring up. In the prior proceeding the Special Master indicated the pages to be included in each bound volume of the minutes. In the present case some of the counsel have already bound up sets of the printed testimony in two volumes. On the 5th of January I notified all of the counsel in the case, and Mr. Chambers, the reporter, of the paging which has been so far followed. I would like to have some similar ruling or direction, if your Honor is willing to make it, in this case. I can indicate on the record the pages of the volumes so far bound. That will be a convenience to all of us.

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The Master: No, I will not do that. Mr. Chambers is having a set bound up for me.

Mr. Chambers: I haven't started yet, I will some time.

Mr. Ransom: That has been held in abeyance pending some determination in that respect.

The Master: It is entirely with Mr. Chambers. I will not interfere. If counsel want to have the volumes uniform they can get in touch with Mr. Chambers.

FRANCIS T. MYLOTT, recalled:

CROSS-EXAMINATION BY MR. RANSOM:

Q. Mr. Mylott, for how long a time were you engaged in the examination of the books of account and maps and records with respect to mains and services?

A. Why, from the end of July, 1919, to about the end of November, 1919.

Q. Was that continuously?

A. Continuously.

Q. Relating only to the Consolidated?

A. Only to the Consolidated. 32990

Q. How many assistants did you have?

A. Why, they varied. At one time I only had one, and several other times I have had two.

Q. Did you receive any of your instructions regarding this work from Mr. Scudder?

A. No, sir.

Q. You are simply one of Mr. Scudder's employees who was loaned by him to Mr. Maltbie and Mr. Hine for this purpose?

A. Yes, sir.

Q. You are not the certified public accountant?

A. No, sir.

Q. You did not mean to say that Mr. Scudder was 32991
a certified public accountant, did you?

A. Yes, sir.

Q. In this State?

A. One brother is certified public accountant in this State and the other is a certified public accountant in West Virginia.

Q. Which one?

A. Lawrence Scudder is a certified public accountant in New York State, and Marvin Scudder is a certified public accountant in West Virginia.

Q. Did you get your instructions all from Mr. Maltbie, or from both Mr. Maltbie and Mr. Hine?

A. Yes, sir.

Q. Both?

A. Both.

Q. Mr. Hine worked with you on the work at times?

A. Yes, sir.

Q. With respect to the main maps and the like?

A. I didn't have anything to do with the main maps.

32903 Q. You didn't examine them at all?

A. No, sir.

Q. Did Mr. Hine examine them, if you know?

A. I don't know.

Mr. Chambers: Ask Mr. Hine.

Q. You made this up without reference to anything that is shown on this main map?

A. Yes, sir.

Q. From whom you get the captions and headings, and the general plan of the tables which you have made up, comprising Exhibits 213 to 240?

A. The captions and headings were approved by Mr. Hine and Mr. Maltbie.

32904 Q. Did they give them to you, or did you show them to them?

A. In some cases I showed them to them, and in some cases they improved on them.

Q. Isn't it true that the general plan and the instructions under which you operated came from Mr. Maltbie or from Mr. Hine?

A. From both.

Q. Is it correct that what you have attempted to show by these tables, Exhibits 213 to 223, is that from the balance of mains appearing on the books of account of the complainant company of December 31,

1918, namely, 4,456,478 feet 2 inches, as shown on Table 200, Exhibit AA213, there should be deducted 76,397 feet 2 inches of mains, representing your computation of the length of mains disused as of December 31, 1918, shown on your Table 209, Exhibit AA243?

A. Yes, sir.

Q. And in the same way have you also attempted to show that from the balance of December 31, 1918, of the book cost of street mains shown by the complainant's books of account on Exhibit AA231, your Table 226, namely, $11,027,226.24, there should be 32996
deducted $230,569.28, of which $216,206.73 represents your computation of the amount at which this 76,397 feet 2 inches of main classified as disused, would be written off the fixed capital account of the complainant, if they were treated as withdrawn from service.

The Master: Where is that found?

A. No, that is not the amount that I have deducted from the book balance.

Q. Well, the amount that you have deducted all told is $230,569.28, isn't that right?

Mr. Chambers: Where is that found?

Q. It is the difference between the $11,027,266.24 32997
shown on Table 226, Exhibit AA231, which the summary of the book cost of the mains on December 31, 1918, and the figure of $10,796,696.96, which appears on Table 228, Exhibit AA233, as what the witness has been pleased to call, or some one has been pleased to call, a revised book cost of mains. That is the difference between the eleven million dollar figure and the ten million dollar figure, $230,569.28, isn't it?

A. Yes, sir.

Q. And that is the figure which you say should be deducted from the book cost of these mains as they appear on the books and records which you examined?

Mr. Chambers: I object to that upon the ground that he does not say anything of the kind. He simply presents his figures.

Mr. Ransom: Well, some one has gotten up for him a revised book cost of mains.

The Master: Objection overruled.

Mr. Chambers: Exception.

A. That is the amount which has been deducted from Table 226.

Q. Of this $230,569.28, $216,206.73 represents what you have classified as Disused Mains?

32009 A. Yes, sir.

Q. And the balance of $14,362.55 represents something else to which we will come in a few minutes.

A. Yes, sir.

Q. That is some matters of adjustment?

A. Yes, sir.

Q. So that this $216,206.73 is your computation of the amount at which this 76,397 feet 2 inches of mains classified as Disused should be written off the Fixed Capital Account of the complainant if they were treated as withdrawn from service?

A. Yes, sir.

Q. And this Table 228, Exhibit AA233, which you

33000 or Mr. Maltbie or Mr. Hine have called "Revised Book Cost of Street Mains"—

Mr. Chambers: It doesn't say that.

Mr. Ransom: "Revised Book Cost of Street Mains 1906 to 1918"—I read.

Mr. Chambers: Oh, Table 228, Exhibit AA233.

Mr. Ransom: Yes.

Q. That is a revision which you thought should be made of the figures appearing on the Company's books of account as representing the cost of street mains from 1906 to 1918?

A. I was instructed to make such a revision.

Q. You or somebody else thought that such a revision should be made?

A. Yes, sir.

Q. Now, as to your exhibits covering services, they do not differ in the balances as of December 31 of each year from 1906 to 1918, from the books of account of the Consolidated Gas Co.?

A. I don't think so.

Q. In connection with your other investigations of gas companies have you examined into their main records and their method of treating their accounts of mains put into service and mains taken out of 33002
service?

A. Yes, sir.

Q. You have rather made a study along that line, have you?

A. More or less.

Q. You never were connected with any company that had anything to do with laying mains?

A. No, sir.

Q. And you never had any responsibility with respect to the maintenance of main system?

A. No, sir.

Q. And you never had anything to do with the use of mains for distributing gas? 33003

A. No, sir.

Q. Now, you have placed in separate classifications on these exhibits as to street mains, the various classes of mains which you have deducted, or have claimed should be deducted from the main account of the complainant company, as follows: Mains Taken up; Mains Abandoned; Mains Sold; and Mains classified by you as Disused?

A. Yes, sir.

Q. What do you understand, or what do you mean to include in the classification of Mains Taken Up?

A. As I understood, the heading "Mains Taken Up" means all mains that are taken out of service that are either to be replaced by other mains or not to be replaced.

Q. That is your idea of mains taken up, mains that have been taken out of service?

A. Yes, sir.

Q. And are either to be replaced or left in the ground?

A. Taken up, either to be replaced or not to be replaced.

33005 Q. But removed from the ground?

A. Removed from the ground.

Q. And you therefore treated that as a withdrawal from service?

A. Yes, sir.

Q. What did you intend to include in your classification of Mains Abandoned?

A. That heading was shown on the books of the company, and was explained to me as being all mains that were abandoned and left in the ground, in some cases as not worth while for the company—the labor involved in taking those mains out of the ground being greater than the salvage received on the mains.

33006 Q. That is, mains that were forever put out of use?

A. Yes, sir.

Q. Disconnected, written off on the books, and the only reason they were not taken up was that it was not considered profitable from a salvage point of view even to take them up.

Mr. Chambers: I object to that as long and involved. It is the company's own classification.

The Master: Objection overruled. Is that your understanding of it?

The Witness: I want the question read, please.

(Question read by stenographer.)

Mr. Chambers: I submit that there are two or three questions in one there.

The Master: Objection overruled.

Mr. Chambers: Exception.

The Master: Is that what you understood by abandoned mains?

The Witness: I did not understand they were written off the books. I understand they were set aside on the records and the books to show the number according to sizes and lengths of all mains abandoned.

33008

Q. Didn't you understand that the amount of mains abandoned, both in length and in cost, in dollars, both in feet and in dollars, should be and was and had been deducted from the Main Account of the company as appearing on its books of account, its Main Records?

A. Yes, they were, if I remember correctly now, they were credited to the Main Account.

Q. They were deducted from Fixed Capital, Mains?

A. Yes.

Q. Now, the Retirement from Service of each of these classes of mains, that is, Mains Taken up, Mains Abandoned and Mains sold, appear as deductions, you found, upon the complainant's books which show the balance of the length of mains on December 31, 1918, and the balance as of the same date, of the cost of that quantity of mains, does it not?

33009

A. Yes.

Q. So that these totals which you show on your Table 226, Defendants' Exhibit AA231, and your corresponding tables showing the length of mains, have already taken into account all mains taken up, all mains abandoned and all mains sold?

33010 Francis T. Mylott, Cross.

The Master: I understood the witness to say that it did not take into account deductions for disused mains.

Q. Was that correct—showing you the Table 22o, this figure for December 31st, 1918, is after the deduction of mains sold, mains abandoned and mains taken up?

The Master: According to the company's books.

Mr. Ransom: According to the company's books?

33011 A. Yes, sir, according to the company's books.

By the Master:

Q. It did not carry in it any deduction for disused mains?

A. No, sir.

Q. That is, the figures of $16,000 that you took in for disused mains?

A. Yes, sir.

By Mr. Ransom:

Q. What did you intend to cover in your further deduction of disused mains, as you called them?

A. I want to make a little correction in there. Disused mains or all mains are classified by the company

33012 as disused mains may have been abandoned at a later date, and the mains that I have classified as disused are mains that have not yet been abandoned by the company.

Q. And they include mains as to which you found some record indicating that at some time they had been disused but have not since been retired from service?

A. Yes, sir.

By the Master:

Q. Do I understand the company has a record of disused mains?

A. Yes, sir.

Q. Is that what they call it?

A. They call it disused. They are classified as disused on the record of the company.

Q. Do they keep a record or account of disused mains?

A. I forget now the exact name of the book. It is the length of mains.

By Mr. Ransom:

Q. You found on various of the records which you did examine information that particular pieces of main, lengths of main, had been disused on a certain date? 33014

A. Yes.

Q. After that time a main once disconnected and disused might become a main taken up or a main abandoned?

A. Yes, sir.

Q. Or a main put back into use?

A. I never found any record where they were put back into use.

Q. We will come to that in a few moments.

By the Master:

Q. That might be?

A. That might be.

Q. But you did not find any? 33015

A. I did not find any.

By Mr. Ransom:

Q. Did Dr. Maltbie or Mr. Hine instruct you to make this further deduction of what you regarded as disused mains?

A. Yes, sir.

Q. Which one?

A. Mr. Hine.

Q. Why; what reason did he assign for such an instruction?

A. He did not assign any reason, he just—

33016 Francis T. Mylott, Cross.

Q. He just told you to deduct it?

A. I was instructed to deduct it.

Q. Are you familiar with the uniform system of accounts as to gas corporations?

A. Somewhat.

Q. Under the uniform system of accounts prescribed by the Public Service Commission as to gas corporations, had the gas company any right or justification for crediting to the capital account covering mains an amount representing mains not retired from service?

33017 Mr. Chambers: I object to that as incompetent. That is a question for the Court to determine.

The Master: Objection sustained.

Mr. Ransom: Exception.

Q. If a main which you found marked at a given time as disconnected and disused at that time is not at any time subsequently withdrawn from service or retired, would you say that the company had any right under the uniform system of accounts to credit the main account with such quantity of disused mains?

33018 Mr. Chambers: I object to that as incompetent.

The Master: Objection sustained.

Mr. Ransom: Exception.

Q. From an accounting point of view, if the company deducted from its capital account the cost of mains the use of which it suspended for some practical operating reason for a time and then resumed the use of the mains, how should the company in your judgment charge to capital account the cost of mains which had been written off and which was not paid out by it again when it resumed the use of the mains?

Mr. Chambers: I object to that again as incompetent.

The Master: Objection sustained.

Mr. Ransom: Exception.

Q. Even during your limited accounting experience and your slight contract with the main accounts of gas companies, have you not found out that it is a common ordinary incident of gas distribution and the conduct of the street departments of gas companies for such companies to suspend the use of mains or particular mains for brief or long intervals of time, and to retain those mains for future use as practical operating conditions might require? 33020

Mr. Chambers: I object to some parts of that. His limited experience has not been proved.

Mr. Ransom: Then I will withdraw that. From whatever experience you have had, haven't you found that out?

Mr. Chambers: Would you mind reading that again?

The Master: Do you know anything about that?

A. Why, this is the first case where I have ever run across a company discussing mains for a brief space of time and putting them back into service again. 33021

The Master: Do not let us waste time on that. Your record shows when certain mains were disused, does it not?

Mr. Ransom: I will come to that in a moment. I just want to make my record on that.

The Master: If these mains that had been marked "Disused" have been put back into service, let us know about it. If they have been disused for seven or eight or nine years, I am going to consider them abandoned.

33022

Mr. Ransom: You haven't any right or reason, because a main has been disused or disconnected for a time—

The Master: For how long a time?

Mr. Ransom: Well, it is immaterial how long a time.

The Master: I will rule in this respect it is material.

Mr. Ransom: Until the time comes when, under the rulings and directions of the Commission, the investment of the company in those mains should be written off. It is written off in

33023

the manner prescribed by the Commission, and is a part of unimpaired investment and the company is entitled to return on it.

The Master: Go ahead. I do not agree with you if it runs on into years. Take a strip of main that is disused for eight or nine or ten years; I do not agree with you.

Mr. Ransom: Well, it may be a few weeks or it may be a few months or a few years.

The Master: Yes. So long as you talk about a few weeks I would not attempt to say that it was not temporarily disused. So long as you say a few months I would not attempt to say that it

33024

was not temporarily disused. But if it runs into the years, I should be against you.

Mr. Ransom: But the very existence of a differentiation between abandoned mains, which are mains written off against the investment, so that the investment is diminished, and a class of mains which for some practical operating reason have been disconnected, put temporarily in the condition that they do not convey gas, pending such time as there may be reason for using that main in that street, the mains are there, the mains are part of the investment of this company. The

company would not have any right, it would be a violation of requirements of law for a company, in respect to a main which they had not written off and retired, to eliminate it from their reported investment.

Q. Did you find anything in the record which you examined to show that the mains included in your computation of disused mains are incapable of being put back into service again?

A. I did not.

Q. The Consolidated Gas Company had not written off from its capital account the quantity and length of 33026
mains, and the value attributed by you or them to such quantity of such mains as you have classified as disused?

The Master: If they had he would not make the deduction.

Mr. Chambers: Why, they did not write off that plant of theirs. Nine years they carried it in fixed capital.

Mr. Ransom: They had no alternative under the rules of the Commission.

The Master: But this is entirely unnecessary. If they had he would not have deducted it.

Mr. Ransom: That does not follow. 33027

The Master: Why doesn't it follow?

Q. The company has not written off any of these disused mains, have they?

A. I do not think so.

The Master: That is why you wrote it off, isn't that it?

The Witness: Yes, sir.

Q. You testified at page 9736 of the mimeograph record that in taking off these tables from the company's books you made no changes whatever in the

record of the company and took them as they appeared on the books of the company?

A. Yes, sir.

Q. But the books and records of the company did not show these deductions from capital account as you proposed to make them, did they?

A. I did not testify that all the tables were taken from the books and records of the company.

The Master: So, then, you wish to change your previous answer in that respect?

Mr. Chambers: I object to that.

33029 The Master: Objection sustained.

Mr. Chambers: He has told exactly where he got everything from. It was not all from the company's books. I offered in evidence Public Service Commission pages here. I think Mr. Mylott testified to them one after another.

Q. On Defendant's Exhibit AA-221, you have a footnote on your Table No. 208, those records do not indicate that any disused mains were ever connected up and put in use again?

A. Yes, sir.

Q. You are sure about that?

A. To the best of my knowledge I think it is

33030 right.

Q. You do not want to say that any of these disused mains have not been put back into use again?

Mr. Chambers: Just a minute. Are you speaking now from the records, or something else?

Mr. Ransom: From any knowledge known to this witness.

Mr. Chambers: He has to go by your records.

The Master: Objection overruled. I will let him state whether he knew from any other source.

A. No, sir.

Q. You do not mean to say that these disused mains, part of them from time to time have not been put back into use again?

A. I do not know.

Q. You do not even want to say that the records of the company do not show that?

A. No, sir.

The Master: If there are any records of the company that do show it, how is it you did not get it?

The Witness: Because they did not give it to me. 33032

Q. Why didn't you look at the main records—the main maps?

A. I did not have any use for the main maps in taking off this data; I was instructed to take it off by Mr. Hine and Mr. Maltbie.

Q. You made an examination as to services?

A. Yes, sir.

Q. Did you try to see whether there were services on any of these disconnected mains that are now in use?

A. No, sir.

Q. Yet you went over services?

A. Over the records of services. 33033

Q. Yes. Did you take any of the branch-office reports which you used for computing mains disused, and make any inquiry as to whether services were later connected up with a disused main or the use of the main for furnishing gas to the consumers of the company resumed?

A. No, sir.

Q. I show you, for example, one of the main report books of the complainant company for the month of December, 1912. This indicates the source of your

33034 Francis T. Mylott, Cross.

information as to disused mains, does it not (handing witness book)?

A. I don't think I ever saw this book before.

Mr. Chambers: It is quite possible that the company withheld information from him. I won't say that that is not so.

Mr. Ransom: It is quite possible that this witness failed to utilize means of information that were right before his eyes.

Q. From what source did you get your information as to mains disused?

33035 A. As to mains disused?

Q. Yes.

A. From the Street Department records, the three Street Department records, 111th St., 66th and Hester Street.

Q. Did you not use these reports of the Street Department?

A. They were small reports, small sheets.

Q. Let us take one main, for example, here shown (indicating book). In this report of the Street Department there appears in the month of December, 1912, that 6,483 feet of 12 inch mains were at that time marked disused. Those mains are located at 42nd

33036 Street, north side, 249 feet west of the west curb, of Eleventh Avenue, 214 feet west of the east curb of Eleventh Avenue; Eleventh Avenue, east side, 4 feet south of the north curb of 42nd Street, to 8 feet south of the north curb of 44th Street; 44th Street, north side, 14 feet west of the east curb of Eleventh Avenue, to 13 feet west of the east curb of Eighth Avenue; 44th Street, north side, 11 feet east of the west curb of Broadway, to 6 feet east of the west curb of Vanderbilt Avenue; Vanderbilt Avenue, west line, 8 feet south of the north curb of 44th Street, to 12 feet south of the north curb of 45th Street; total 6,483 feet

of 12 inch main. The same total appears for the same month in the statement of mains in feet of the Street Department, Sixty-sixth Street branch, as disused during the month of December, 1912. Now, you included those mains as disused then and disused since, did you not?

Mr. Chambers: I object to it upon the ground he is now reading or talking of a book that the witness says he does not know whether he saw or not. We have to depend on them for our information and they cannot come in now and say —or hold back some records and books as they held this, and they then say we did not get it right. Your Honor can see how we were dependent on them and asked for the information from every source. 33038

The Master: Objection overruled.

Mr. Chambers: Exception.

Q. From what source did you get your information about mains, that you were able to locate them in your working papers?

A. My source now—I forget the exact name—was a small book, small canvas bound books that show the mains laid, the mains sold, the mains abandoned, the mains disused abandoned. 33039

Q. Have you not this in on these streets I have mentioned, this 6,483 feet of 12" main as disused in December, 1912?

A. What was that?

Q. 12".

A. December, 1912, I show 6,983 feet of 12" main was disused.

Q. Where were those mains, have you any records?

A. No, sir.

33040 Francis T. Mylott, Cross.

Q. You have not any idea where those 6,983 feet that you have got were located?

A. No, sir.

Q. That is, you examined the loose leaf street department report, is that what you examined?

A. No, sir.

Q. What then?

A. It is a small book that shows the mains laid by sizes, it shows the mains sold, the mains abandoned and the mains disused.

Q. Isn't that the same form as that (indicating)?

33041 A. No, sir, it is not the same form.

Mr. Chambers: You might give the title of that, can you?

The Witness: It is a report of operations on mains, services and public lamps.

Q. And those are made up by the different branches?

A. It is a consolidation of the three branches.

Q. Well, of this 6,983 which you treated as disused in December, 1912, have you any idea where they were located?

A. No, sir.

33042 The Master: He said no once.

Q. Are you able to say whether the mains which are here indicated have been treated by you as disused from 1912 to the present time?

A. I am not.

Q. The totals that you have got for all of the street departments for that month is 6,983?

A. Yes, sir.

Q. Well, have you any doubt that of that 6,983 that the 6,483 of 12-inch here shown are included?

A. I do not know exactly.

33043

The Master: What do you claim to be the fact with reference to this 6,400 of 12-inch?

Mr. Ransom: Well, he has included that 6,483 of 12-inch. Here are the consumers on it.

The Master: No, I don't care about that. What do you claim with reference to there being any records showing the restoration to use?

Mr. Ransom: The maps show its reconnection and they are here.

The Master: What I can't understand is this, Judge. You make an entry in your books that certain pipe were disused. Don't you make entries that it was restored to use?

33044

Mr. Ransom: The situation on that is this, from the viewpoint of the complainant company and its procedure under the uniform system of accounts, the classification of disused mains is not an accounting record at all, it is not an accounting classification at all, a main is disconnected until they need it again.

The Master: Does that tell us why, if there is no necessity for it, there is an entry that a main is disused?

Mr. Ransom: Because this was disused.

The Master: Why isn't it then necessary to have an entry that it is restored?

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Mr. Ransom: That is exactly what they do have.

The Master: Where is the entry?

Mr. Ransom: But it is not on the place where it is marked disused.

The Master: Where is it?

Mr. Ransom: When it is put back into use, it is simply shown on the map that it has been reconnected.

33046

The Master: I am talking about some book entry the same as that disused entry.

Mr. Ransom: And the engineering record show the reconnection.

The Master: Show me some book, if there is any.

Mr. Ransom: It is not treated as a book matter at all.

The Master: I don't care. That book that you have been showing the witness in a very formal fashion sets up a disused pipe, doesn't it?

Mr. Ransom: Yes, sir.

33047

The Master: Well, what I want to know is not necessarily that it is required by law and not necessarily that I must find against you, but what I am trying to find out is whether in the same formal fashion there is any other entry in any book showing that the main has been restored to service or to use, that is what I want to know.

Mr. Ransom: No, there isn't any such formal entry in any book, because there is no formal significance from the viewpoint of the company or from the viewpoint of the uniform system of accounts, in the fact that that is listed as disused.

33048

The difficulty is that this witness goes on the stand and says, "I found in such and such a book that this main was disused."

The Master: Well, he is right.

Mr. Ransom: Now, he does not make any use of the records which were available to him and to his master's voice, and which his master undoubtedly checked, finding that this main, for example, was one or two years later put back into use and has been supplying gas to a large number of consumers ever since.

33049

The Master: He was looking at certain books and records, he was not examining witnesses.

Mr. Ransom: And I take it it is simply an effort to create—to take advantage of an operation situation as distinguished from an accounting situation, and to bring about a result which is contrary to the uniform system of accounts.

Mr. Chambers: That isn't any answer. It answers itself. It is of no moment.

Mr. Ransom: There is absolutely nothing which requires that kind of a record, it is purely a departmental matter, to be kept in no particular way.

33050

The Master: I don't say there was. All I can say is that I see a book kept in the due course of affairs of your company, as part of your records, in which formal and deliberate entries are made. That is all I know about it. And what I am asking you is why the same formal, deliberate entry has not been made when it is restored to service.

Mr. Ransom: Why, it may be put back into service at one particular time, that is gas may be put back into it at one particular time, and then gas taken out of it at another time.

33051

The Master: Then why make an entry that it is disused?

Mr. Ransom: Well, that is what is done with it, and is so done at that time. This witness apparently hasn't any details of what mains he classified as disused. Now I ask you—

Mr. Chambers: As to that you haven't got any.

Mr. Ransom: Well, I certainly have.

Mr. Chambers: Your books don't show.

Mr. Ransom: They certainly do.

33052 Francis T. Mylott, Cross.

Mr. Chambers: You don't expect us to manufacture records for you, do you?

Mr. Ransom: Evidently.

Q. With respect to these mains which I have described, these 12-inch mains on 42nd Street, Eleventh Avenue, 44th Street and Vanderbilt Avenue, between those streets which I have mentioned, can you tell me whether your exhibit shows those mains as used or disused as of the present time, and since 1913?

A. These mains that you pointed out, I cannot tell whether my exhibit includes them or not.

33053 Q. You haven't any way of showing?

A. No, sir.

Q. What does your exhibit or your working papers show with respect to mains in those locations, anything?

A. It does not show anything in respect to the location of mains.

The Master: Your records show that in December, 1912, 6,983 feet of 12-inch main was put into disuse, or disused.

The Witness: Yes, sir.

The Master: Now, I will draw what I think is a fair inference and that is that this 6,483 feet of 12-inch main, disused according to these records in December, 1912, were part of that 6,983 feet. I am going to draw that inference. Now, if that inference be right, then in the disused total which you have got, this 6,400 feet of mains is included, isn't it?

33054

The Witness: That is right.

Q. In your examination of services, did you look over the services, active services, along any part of that main?

A. No, sir.

The Master: You did not make any inquiry at all to see whether by any possibility it had been put back into use, did you?

The Witness: No, sir.

The Master: And you found no book entries of it?

The Witness: No accounting records at all.

The Master: And that is all you know about it?

The Witness: That is all.

The Master: As a matter of fact, it might have been put back into use, so far as you know? 33056

The Witness: So far as I know, from the records.

Q. Didn't you find there were ninety-six active service connections from an inch and a half to three inch along the line of this main on 42nd Street, between Eighth Avenue and Eleventh Avenue?

A. I did not.

Q. You did not look to see?

A. No, sir.

Q. You did not look at the main map to find out whether this main on 44th Street, between Eighth Avenue and Eleventh Avenue was connected up? 33057

A. No, sir.

Mr. Chambers: Do you mean physically, on the street?

Mr. Ransom: Physically and in use, both.

Mr. Chambers: You mean go and dig up the street?

Mr. Ransom: No, only did he go to the maps which are here.

Mr. Chambers: To the street physically and dig up the mains?

33058

Mr. Ransom: The maps are here showing the connection.

The Master: Never mind that.

Mr. Ransom: Well, I offer to show to the witness the land maps covering this area, which have been examined—

The Master: No.

Mr. Ransom (continuing): At great length by Mr. Hine.

The Master: It is perfectly apparent to me what you have got to do. Your records are in such shape that this witness was justified in

33059 making the report he did. It is perfectly easy for you to call Mr. Simpson or somebody else and show where the various pipe reported disused, was restored to service, if it was.

Mr. Ransom: We do not keep these mains in retirement. How perfectly ridiculous a position we would be in, and how loud these defendants would yell if a main which is supplying ninety-six individual consumers and has been supplying something like that number now for six years, were written off the capital account of this company.

33060 The Master: I am not arguing with that. I say the only way you can handle it is by calling Mr. Simpson to show the facts.

Mr. Ransom: It is not a fact.

The Master: I don't care about that. If you want to bring out the fact you won't bring it out by examining this witness, you are wasting time. All he knows is that he found some record of disused mains, and he took that in. He doesn't know that they are disused now, or anything about it, except that he could not find a record.

Mr. Ransom: All I want to show, and if you think I have shown it, I am content, namely, that there is no basis for this witness undertaking to make a deduction from working capital account for these 6,000 feet of mains, or any feet of mains, without he finds out the property was marked as disused.

The Master: All he did was what Mr. Hine and Mr. Maltbie asked, as they are going to argue that that is a proper deduction, and this is not the time to meet it.

Mr. Ransom: I will have to take up another 33062
phase if your Honor thinks that.

Q. You examined in connection with mains the branch office records as to the work done upon mains, did you not?

A. Records which I saw of the branch office showed the mains, where they were laid and the cost, the materials that went into the mains.

Q. Can you identify this as the branch office record with respect to these mains that I have just been talking about, these mains in 44th Street, etc., when those mains were laid in the summer of 1893?

A. No, sir, I never saw those records.

Q. Where did you get your figures of cost? Didn't 33063
you examine the branch office records showing the work done and the material used in connection with the laying of mains?

A. From 1906 on.

Q. Not back of 1906?

A. Not back of 1906. I understood the records were not available.

Q. You did not examine anything back of 1906?

A. To the best of my knowledge I do not think I did.

33064 Francis T. Mylott, Cross.

Q. Well, I show you, for example—did you ask for the original cost records covering mains back of 1906?

A. Yes.

Q. When and of whom?

A. I do not know the exact date, but I asked it of Mr. Davidson in the form of a written request.

Q. You are sure about that?

A. Yes, sir.

Q. And what did he tell you?

A. He told me—I asked him for the records back
33065 from 1884, on, and he told me that the records were destroyed, or did not say destroyed, he said they were not available for me, he could not find them.

Q. Any mains prior to 1906?

A. Any mains or any records on the mains that I wanted prior to 1906.

Q. Well, which ones did you want, all of them, or some particular one?

A. No, I wanted all of them.

Q. And you say Mr. Davidson told you that there weren't any records of the cost of mains prior to 1906?

A. He did not say there weren't any records, he
33066 said he could not find any records to give me.

Mr. Chambers: And he did not give you any, did he?

The Witness: No, sir.

Q. So you found no records of cost prior to 1906, and you examined none, you are clear about it?

A. I am pretty sure.

Q. Well, I show you these two papers. Are they—did you find as to certain years papers of this sort showing the cost of mains?

A. No, sir, I never saw papers of that sort in my examination.

33067

Q. Well, subsequent to 1906 where did you get the cost figures you used?

A. From the reports of mains and services of the 111th Street Department, reports of mains and services, 66th Street Department; reports of mains and services, Hester Street Department.

Q. And you took them from the reports rather than from the original data?

A. Well, as I understood it from Mr. Davidson, that was the original—it was a copy of the original data.

33068

Q. A copy of it?

A. Yes, sir.

Q. All these books which you have just referred to showed costs?

A. They were not books.

Q. Well, these reports, did they show the costs?

A. They showed the cost of the—what was charged on the books for the pipe that was put in the ground, and they also showed several other changes for lead and wool and miscellaneous material.

Q. Labor?

A. Yes, I think they showed labor.

33069

Q. Now, in computing the amounts at which you made deductions from the mains capital account for these mains which you have treated as still disused, did you use the actual cost of the mains as you found them, or did you use the computation of so-called average costs which you have shown on your Table 227, Exhibit AA232?

A. In computing the computations of disused mains I was instructed by Mr. Hine to use the Rowland appraisal figures.

Q. You did not use the actual cost of the partic-

ular main as shown by the records to which you have referred?

A. No, sir.

Q. Even when you found how much it did cost, the materials and labor, to build a particular main which you put in the category of disused, you made a deduction on the basis of what you call the Rowland Appraisal Unit, rather than the actual figures as to the particular mains?

Mr. Chambers: Just a minute. He has not said he used any such thing. He has not said

33071 he found the actual cost where he used the Rowland Appraisal.

A. I did not find the actual cost of the mains that I have got under the caption of disused.

Q. In any instance?

A. In any instance.

Q. After 1906?

A. After 1906.

Q. Referring again to these mains on 44th Street, when you were working in these branch offices did you ask for any reports such as I now show you, one dated April 5, 1913, and the other April 11, 1913,

33072 showing that this main was reconnected for service on 44th Street and Eighth and Ninth Avenues?

Mr. Chambers: I object to that on the ground that Mr. Mylott has not said that he worked in the branch offices. This question assumes that he did so and is erroneous in that particular.

Q. Did you ask for any of the reports showing reconnection of mains once disconnected or disused?

A. No, sir.

The Master: Did you know there were any such reports?

The Witness: No, sir.

The Master: Did you know there were any such records?

The Witness: No, sir.

Q. Did you ask Mr. Hine whether any of this large quantity of mains which you have marked off as disused were shown by the main maps and main records which he examined as having been put back into use?

A. I did not.

The Master: Do I understand that the whole point of Mr. Mylott's testimony is this question of disused mains? 33074

Mr. Ransom: That is the large items. The item of $14,362.55—

Mr. Chambers: On account of mains laid for other companies during the various years.

The Master: Outside of this fourteen thousand dollar item, is this two hundred and sixteen thousand dollar item for disused mains the only point sought to be proved by the defendants by Mr. Mylott's testimony?

Mr. Ransom: That is the only variance from the book figures on mains.

The Master: Can't I get an answer? 33075

Mr. Ransom: I can't tell what their purpose may have been.

The Master: Do you understand that is all they have attempted to prove by Mr. Mylott?

Mr. Ransom: Yes.

The Master: Is that correct, Mr. Chambers?

Mr. Chambers: Just state that again.

The Master: Is it the purpose of Mr. Mylott's testimony and his tables to show that $230,000 should have been deducted from the fixed cap-

ital, mains, $210,000 representing suspended service or disused service, and $14,000 some adjustments? Somebody ought to know what the proof is offered for.

Mr. Chambers: To show the various amounts during the various years. In the end that is what it shows.

The Master: Then all I have got to keep in mind, so far as Mr. Mylott's testimony is concerned, is the broad picture of disused mains which the defendants will have to explain by
33077 their testimony and this 14,000 item?

Mr. Chambers: Then you have to keep in mind the mains laid for other companies.

The Master: That is this $14,000.

Mr. Ransom: There is no variance, as I understand it, between Mr. Mylott's figures and deductions for mains either laid for other companies or mains sold to other companies, and the company's book figures on that.

Q. That is true, isn't it?

A. There will be a variance in the year 1918.

Q. Covered by this $14,000?

33078 Mr. Chambers: Just a minute, I want to finish answering the Master's question. This also shows the mains of the Consolidated Gas Company and the cost. I want you to keep that in mind, all the mains.

The Master: There is no variance between these figures and the company's figures.

Mr. Chambers: Yes, there are big variations in various years.

The Master: Where?

Mr. Chambers: Let us see if we can point them out.

Mr. Ransom: So far as the essential issue in this case is concerned, they say that the amount of mains, street mains on the basis of cost to the company as of December 31, 1918 was $10,796,000 plus, and we say it is $11,027,000 plus.

The Master: That is what I understood. Go ahead.

Q. Now, as to this amount of $14,362.55, which represents the further item of variance, have you made any reconciliation—

Mr. Chambers: Now, here, just a minute— 33080

The Master: I don't want to hear it now. Go ahead and finish this, Judge Ransom.

Q. Have you made any reconciliation between the book figures and your computation to determine whether this amount of $14,362.55 was correctly computed?

A. No.

Q. This $14,362.55 was certain debit and credit adjustments?

A. Yes, sir.

Q. Is it not a fact that most of these debit and credit adjustments are items entered in the books during certain years which in your opinion should be applied to prior or later years? 33081

A. No, sir.

Q. And that you have therefore transferred these items from one year to another without changing the net result?

A. No, sir.

Q. Well, what are they?

A. They are items that occur in the years in which I have shown them on certain tables, which are for adjustment—well, material might have been

charged into the main account at an excess price, and it is taking out the excess cost of that material.

Q. What do you mean, excess price? Who determined that it was an excess price?

A. I don't know.

Q. How do you know it is an excess price?

A. From the information on the journals.

Q. Have you the details of those adjustments?

A. I have the detail amount year by year, yes.

Q. The details of what they are?

A. I have not the explanation of each amount,

33083 no.

The Master: Have you the journal references?

The Witness: No, sir.

The Master: Were those journalized entries?

The Witness: Yes, sir.

Q. Don't they appear in the ledgers?

A. Yes, sir.

Q. Only they may not affect the same year in your tables that they do in the ledgers?

A. As a rule they will affect the same year in which I have shown them in my table. If I have shown them in my table in 1910 they will affect the

33084 year 1910.

Q. But how could these disappear in the books, what becomes of them in the books of account? They are in the journal, they are journalized, and they must appear in the ledger, and if they appear in the ledger aren't they reflected in the company's book figures of cost?

Mr. Chambers: I suggest that is argumentative.

The Master: No, that is proper. Mr. Mylott says he has deducted $14,000.

Mr. Ransom: He can't tell us what the items are and he can't tell us where they are in the journal.

The Master: Let us see if we cannot get a little better explanation. Mr. Mylott undoubtedly understands what it is.

By the Master:

Q. You charged back $14,000, didn't you?

A. Yes, sir.

Q. Now, tell us in your own way why you charged it back, where you got it, and why it did not appear before? 33086

A. In making up the Table 228 it was necessary to take year by year—

Mr. Chambers: That is Exhibit 233.

Mr. Ransom: In making up this so-called revised book cost.

A. (Continued.) Yes, this revised book cost of mains.

Q. Where does this $14,000 come in here?

A. In the year 1906 an analysis of Table 226 which is an analysis of debits, which is Table 221, shows that $92,557.57 was laid for the Consolidated Gas Company. The analysis of credits, which is Table 222, shows that $6,011.26 was miscellaneous adjustments of the Consolidated Gas Company's mains. 33087

Q. Where was this, 1906?

A. 1906, Table 222. Now, deduct $6,011.26 from $92,557.57, leaves a net figure as shown on Table 228, in additions for the year, net debits that year of $86,546.31. Now, each year is worked out the same way. My notes and the tables show the year to which the amount is applicable.

Mr. Chambers: Now, can I answer right there the question you asked me?

The Master: No, let us wait until we get through with this.

Mr. Chambers: It is right on that line.

Mr. Ransom: I think this witness ought to make up a list of those items, where he found them. There is no way that we can check them. Our men, when we went to check them yesterday afternoon with Mr. Mylott's working papers, he was not able to supply the information, and he is not able to supply it now. I would like to reserve that, with the possibility of bringing
33089 Mr. Mylott back on it. It is not a large item, but there is no basis now on which we can determine whether or not what he has done is proper or improper in that respect.

The Master: Maybe he can give it to us now.

The Witness: I can give the individual amounts that are taken from the sheets in the ledger, but I cannot give you the ledger pages they are found on, the items that go to make up the $6,011.26. In order to check up this table you have to take it year by year.

Mr. Ransom: That is not very helpful. I
33090 think if he will make up a statement—

Q. What information have you on the items that make up that $6,000?

A. I just have the items.

Q. Give them?

A. The explanation in most cases were that it was an adjustment when they were charged to the main account and should have been charged to some other account.

Q. Read the items.

A. $5,009.58; $.57; $19.43; $.63; $160.83; $13.33; $806.90.

Q. That $806.90 appears on Table 221?

A. Yes, that is a credit.

Q. These are credits that you are reading off?

A. Yes, sir.

Q. How is it that the rest of it isn't here? Why does $806.90 appear on Table 221?

A. The rest of the amounts will appear under the heading "Laid for the Consolidated Gas Company." You see that $6,011.26 is included in the debits of $92,557.57 for the year, and is deducted at the end of the year to show the net debits for the year.

33092

By Mr. Ransom:

Q. Can you give me the make up of any of those items?

A. I can give you the individual amounts that go into the make up.

Q. That is all you can do, just give the figures you got from somewhere?

A. The figures are all in the ledgers of the company.

Q. You have no idea where?

A. In the account, street mains.

Mr. Ransom: I do not want to take up too much time on $14,000, but I think if he would give such information as he has we will make it our business to check it up. 33093

The Master: I think he has given you all the information he has.

Mr. Ransom: That is only for one year.

The Master: As to all the years it is the same principle, you can follow it up. Take the first column of Table 221 and the third column of Table 222 and subtract it, and you will get it.

Mr. Ransom: I might have one of Mr. Teele's men go back and try to work that out.

33004

The Master: I think Mr. Teele's men will be able to find the explanation.

Mr. Ransom: They tried yesterday and couldn't do it.

The Master: I will let you call Mr. Mylott back before we close the case, if you find it.

Mr. Ransom: It is a question of whether $14,000 is worth taking up the time.

The Master: I would like to get it as nearly correct as I can.

Mr. Ransom: So would I.

The Master: Is that all for Mr. Mylott?

33005

Mr. Ransom: That is all.

Mr. Chambers: I would like to ask you a question a little further. Will you look at Table 228, Exhibit AA233, and in that connection Table 226, which is Exhibit AA231. Now, the first table, 226, shows summary of street mains as shown by their books, and the other is the revised book cost, as we say it should be, with the correct debits and credits. Just for one, look at 1910. Now, their debits show $1,152,439.63, whereas the correct debit should be $807,944.80. Down at the bottom see the difference. Their debit is $4,744,701.38, whereas the true debit is

33006

$3,827,773.99. So it is with the credits. Their credit is over a million dollars, and the true credit is $392,000.

The Master: What is the significance of that?

Mr. Chambers: We want the true book cost, or costs.

The Master: The net result is that with the exception of disused mains you are only $14,000 apart.

Mr. Chambers: We want to show it correctly, year by year.

Mr. Ransom: The important thing is, what was the cost of mains as of December 31st in a given year, and the variance between this witness's table and the company's book figures are negligible aside from this one question of disused mains.

Mr. Chambers: Where they lay mains for other companies that is quite material. I have a few questions.

The Master: Go ahead and ask them.

RE-DIRECT EXAMINATION BY MR. CHAMBERS:

Q. You did not locate, and you could not locate 33098
the mains that were disused from the records you had?

Mr. Ransom: I object to that. It appears that he did not try.

The Master: I will allow him to state.

A. I could not.

Q. Did you try.

A. Yes.

Q. Why didn't you locate them?

A. When I requested data from Mr. Davidson in a written request for all records on mains, he brought what I thought was all that was available. He 33099
said there were no other records which were in the company's office which were not handed to me, on mains.

Q. And you relied on that?

A. Yes, sir.

Q. Do you know whether or not these maps that they mentioned here show services?

A. I do not.

Q. The records of the disused mains that were given to you did not show location?

A. No, sir.

Q. Did they show the amount of mains disused at the end of the year?

A. No, sir.

Q. Did you use all of the information that was furnished you?

A. I believe we used every book more or less that was furnished us

Q. Take table—

Mr. Ransom: I think your Honor will remember, these books were produced that day you were up there, these very books which I have in

33101 court today.

Mr. Neumann: That does not show that the witness had them; that is the question here.

Mr. Ransom: The defendants knew of their existence.

Mr. Neumann: All we could do was to send men up there to get the books, and if they couldn't get them—

The Master: Answering your statement, Judge Ransom, so that my silence will not be taken as an assent entirely to what you said, I was trying to remember whether that particular book that you had in your hand was one of the books. I was

33102 not at all clear whether it was or not, but I am clear that I spread on the record the form of each book and the title of each book that we had that day. The record will show the books we did have.

Mr. Chambers: You will recall that they would not give us much. It is all in the record.

The Master: I recall that I made sure to spread on the record the books that were produced. I recall, too, that I, independently of any ideas of counsel, was trying to follow through to the original sources to get the data you would afterwards want; and I was making it a point to

spread on the record every book and record and data which would form a source of information which could possibly be available. I think if that book was in my hands the form of it, or some reference to it, will appear upon the record.

Mr. Ransom: On the question of what he requested and what he had—

The Master: I am very sure that those papers that you had in your hand that you referred to as reports, or something like that, were not shown that day. What we did have was a paper signed by the superintendent of a station showing the 33104
results during the month, but we had no such slip as this would appear to be, showing the particular details of the cost of a particular job, for labor, and rock excavation, and the rest of it, because I made a lot of inquiry about it, and I know that was not there.

By Mr. Chambers:

Q. Take Defendants' Exhibit AA-220, as to the 12-inch mains. Was that in 1912, the 6,983 feet that was spoken of on your cross?

A. Yes, sir.

Q. Do you know whether that 12-inch main is still disused or not? 33105

A. I do not.

By the Master:

Q. You have charged it off because you had no information to the contrary?

A. Yes, sir.

Q. That is the only basis?

A. That is the only basis.

Q. If it has been in fact restored to service, then your charge is wrong?

A. Yes.

Mr. Ransom: How were they charged off, your Honor?

The Master: What?

Mr. Ransom: I object to the imputation that it has been charged off. It has not been charged off in any way.

The Master: This witness charged it off, he says.

Mr. Ransom: He has made up some book cost, that is all.

The Master: What are you getting excited about? He said he charged it off.

Mr. Ransom: No, but Mr. Hine or Mr. Maltbie charged it off.

33107 The Master: Well, the defendants are charging it off, then.

By Mr. Chambers:

Q. Did you look to see whether any such disused main as that 12-inch I have just asked you about had been put into use again?

A. No, sir.

The Master: We have that covered. It is quite clear what Mr. Mylott did. As I said before, he was perhaps justified in doing it from the standpoint of the work he was doing, and the record of disused mains, he deducted these from the mains in service.

33108 Mr. Ransom: What are you going to say about Mr. Hine, though, who worked on the main maps and who sees it is in use, and then he sends this man in here to say it has been deducted?

The Master: Then I will join with you in calling him names, but I do not want you to call Mr. Mylott names.

Mr. Ransom: I do not want to call Mr. Mylott names; I think within the limits of his peculiar instruction he has done very well.

The Master: Apparently he has, if Mr. Teele and his force cannot find many errors in his work.

Mr. Ransom: We cannot even find the figures.

The Master: That is only one set of figures you cannot find.

Q. Did somebody come to your office where you worked and ask to see your working papers?

A. They did not ask to see all the working papers I had. They called for certain working papers, but they did not call for every working paper that I used in making up these tables.

By the Master:

Q. Well, if they had called for all you had, you would not have been able to show them that item of 33110
$14,000 any more than you have shown it here?

A. I could show them the amounts that go to make it up.

Q. But you could not give them any more information than you have given here?

A. No, sir.

By Mr. Chambers:

Q. But there is enough information so that they can go and check it?

Mr. Ransom: Objected to.

The Master: Objection sustained. They say they have not and he says they have. That does not lead me anywhere. 33111

Mr. Chambers: The mains taken up; that is the company's classification.

The Master: We have been all over that.

Mr. Chambers: No, not that, you have not.

The Master: Yes, we have.

Mr. Chambers: Mains disused.

Mr. Ransom: Mains taken up and abandoned were all gone over.

Mr. Chambers: On the company's classification?

The Master: Yes, we have got all that. All you have got is disused mains, so far as this witness is concerned, and the $14,000 adjustment.

Mr. Chambers: That is all.

RE-CROSS EXAMINATION BY MR. RANSOM:

Q. Mr. Mylott, some of your working papers which Mr. Armstrong and Mr. Teele and the others in your office yesterday wanted to examine, you said you were under instructions not to let them see, did you not?

A. I did not.

Q. Didn't you send up to the court to find out whether you could let them see them?

33113

A. No, sir; Mr. Armstrong wanted to make a copy of some of my working papers and I sent—

Q. So that he could check them?

A. And I sent up to court, and I said my instructions were not to copy any working papers.

Q. Not to be permitted to copy any items?

Mr. Chambers: I gave that instruction—not to copy them because they would not let me copy any of theirs.

Mr. Ransom: Here is the situation: He would not let these men take down these items yesterday so that they could find them in the ledger.

33114

The Master: I think that is perfectly ridiculous.

Mr. Chambers: Well, I do not.

The Master: I do, Mr. Chambers. The net result is that I have to keep Mr. Mylott here and everybody here and have him read off the figures that they want. Where are those working sheets: I will impound them here now.

(Witness examines papers.)

Mr. Chambers: You can offer them in evidence and keep them.

The Master: I will get them here now, Mr. Teele can sit right here and look at them and copy them to his heart's content.

33115

Mr. Ransom: If we had them yesterday we could have copied them off and had it now?

The Master: What figures do you want?

Mr. Ransom: All the figures on the $14,000 adjustment.

Mr. Chambers: We offered them, you understand.

Mr. Ransom: You would not let us copy them there.

The Master: I would not let you take them.

The Witness: You just want the figures on the $14,000 adjustment?

The Master: Yes.

33116

Mr. Chambers: I would not let you take them away and copy them.

Mr. Ransom: Mr. Mylott would not say any such thing.

Mr. Chambers: He did not hear.

Mr. Ransom: You refused to permit us to copy them down there.

Mr. Chambers: That is what you refused to do with your working papers.

The Master: And if you had told me I would see that you got them just as I am going to see that they get these.

33117

Mr. Ransom: They copied reams of our working papers. I suppose we spent several thousand dollars in copying our working papers for them.

The Witness (handing Master papers): All those working papers go to make up all the tables from 220 to 228.

The Master: I did not want all of that; I wanted the $14,000 working papers.

The Witness: That $14,000 is in those working papers, and you have got to use all those.

Mr. Ransom: Mr. Mylott and Mr. Teele can sit down here after we adjourn and check them.

33118

The Master: I will do one of two things. If that is agreeable to Mr. Chambers, I will direct that that be done; if that is not agreeable to Mr. Chambers, I shall impound these papers and hand them over to counsel for the complainant and give them an opportunity to look them over by tomorrow morning.

Mr. Chambers: You misunderstand me, of course. They would not have let us make any copies of their working papers or have possession of them unless they were present.

The Master: You should have told me that.

33119 Mr. Chambers: I did tell you; the record was full of it.

The Master: Of course they would not let them go out of their possession.

Mr. Chambers: Do you misunderstand me? They can copy any working papers he has got; they can look at them, too. But I do object to their taking them away and making copies of them out of our sight.

The Master: Didn't you refuse to let them make copies of them in your presence there?

The Witness: Yes, sir.

Mr. Chambers: I did not understand that.

33120 The Master: Mr. Armstrong or somebody else can sit over there and make copies of anything they want out of these papers.

Mr. Chambers: You see, you misunderstood me.

The Master: I did not misunderstand him.

Mr. Chambers: I did not talk with him; I did not see him.

The Master: He refused to let them copy a thing.

Mr. Chambers: They wanted to take them away.

33121

Mr. Ransom: We have no criticism of Mr. Mylott, but we have our opinion of the man up in court who sent that word back.

The Master: Do we want any more from Mr. Mylott?

Mr. Chambers: No.

The Master: Anything else today?

Mr. Chambers: No.

Mr. Ransom: No.

Mr. Chambers: Is there any further cross-examination of Mr. Mylott?

The Master: There may be on this $14,000 item.

33122

Mr. Chambers: When will we know?

Mr. Ransom: When we have checked them.

Mr. Chambers: He is from out of town, you know, and working on another gas case.

The Master: Try to check it up tonight; try to check up this $14,000 tonight so that we can get through with Mr. Mylott sometime tomorrow.

Mr. Ransom: Yes. I may not take it up again.

The Master: It would hardly be worth while.

Mr. Ransom: It is not worth while except as an illustration of their methods.

33123

Mr. Chambers: You do not mean to rule that our working papers shall be taken out of our possession and they can keep them?

The Master: No, I am going to rule that the working papers may be submitted to the other side to take off figures so that they can go back and check it up with their books.

Mr. Ransom: Here was this $14,000 item that we could not get the details of.

Mr. Chambers: There was just that misunderstanding about that little particular point, about making copies. I said, "Let them see them."

33124 Mr. Ransom: We have not received copies of the oil contracts that the defendants presented. We need those in preparing, to see whether we want to offer anything further on oil. May we have copies of those oil contracts?

The Master: You are going to get them tonight or tomorrow morning.

Mr. Chambers: We will deliver them the moment they are ready. I am not making them. I will produce Mr. Silverman for cross-examination.

Mr. Ransom: I will take Mr. Silverman to-
33125 morrow afternoon, but not in the morning.

Adjourned to Thursday, January 22, 1920, at 9:30 o'clock A. M.

33126

CONSOLIDATED GAS COMPANY OF NEW YORK vs. NEWTON, ETC., *et al.* 33127

Before ABRAHAM S. GILBERT, Special Master.

NEW YORK, January 22, 1920.

Met pursuant to adjournment.

Present: MR. RANSOM, MR. VILAS and MR. GOETZ, of Counsel for Complainant.
MR. CHAMBERS, of Counsel for defendant Newton.
MR. HAYWARD, MR. CLARK and MR. NEUMANN, of Counsel for Public Service Commission. 33128
MR. O'BRIEN, of Counsel for defendant Swann.

FRANCIS T. MYLOTT resumes the stand.

CROSS-EXAMINATION BY MR. RANSOM:

Q. Mr. Mylott, are you now able to give me the ledger folios or other book references to the items making up your adjustment figure of $14,000 plus?

A. No, sir.

Q. In order to ascertain what makes up that figure, or in any way to check your work in that respect, it would be necessary to go over all of the work you 33129
have done for all of these years, would it not?

A. Yes, sir.

Q. You said yesterday it would take at least three weeks to check your working papers in these respects and verify the adjustments which make up this $14,000.

33130 Henry H. Edgerton, Direct.

A. I believe it would take between three and four weeks; yes, sir.

Q. Many of these items of adjustment from what you indicated yesterday afternoon are very small.

A. Yes, sir.

Q. Many of them are in fact a matter of cents rather than dollars?

A. Yes, sir.

Q. Below a dollar in amount?

A. Yes, sir.

The Master: That is all.

33131

HENRY H. EDGERTON, a witness called by the defendants, was duly sworn and testified as follows:

DIRECT-EXAMINATION BY MR. CHAMBERS:

Q. Mr. Edgerton, you were a witness upon the trial of the Consolidated Gas Company vs. Mayer, later the title being changed to "vs. Willcox and others"?

A. Yes, sir.

Q. And you worked upon that case, the preparation of that case, on behalf of the city?

33132 A. On behalf of the state first, and then the city.

Q. Then the city?

A. Then the city.

Q. Do you remember the accounting firm of Marwick, Mitchell & Company?

A. Yes, sir.

Q. Of 79 Wall Street?

A. Yes, sir.

Q. Were you acquainted with Mr. Mitchell of that firm?

A. Mr. Marwick and Mr. Mitchell both, and the assistants.

Q. And do you remember where Mr. Marwick is now?

A. I do not.

Q. Is he dead, do you know?

A. I do not know. I have not seen him for a number of years.

Q. And Mr. Mitchell, what has become of him?

A. Well, I have not met him. I have not been up at the place since, except in regard to the return of the money, I was interested in that—the return of the money to the consumers.

Q. Do you remember this firm of accountants 33134
worked on the books of the Consolidated Gas Company?

A. Yes, sir.

Q. And they prepared a report?

A. Yes, sir.

Q. Tell in detail what connection you had with the preparation of that report.

Mr. Ransom: Objected to as incompetent and immaterial.

The Master: I will allow it.

Mr. Chambers: I will withdraw that question for a moment.

Q. Are you an accountant? 33135

A. Yes, sir.

Q. Are you a gas engineer, too?

A. Yes, sir.

Q. How long have you been engaged in gas engineering and accounting?

A. Since 1865. Before that I was secretary of a company and kept accounts; but at that time I took full charge.

Q. And you have built gas plants?

A. I have.

Q. Just tell the Court what connection you had and how you participated in the preparation of the report I have spoken of, by the firm of Marwick, Mitchell & Company?

A. Well, as soon as Marwick & Mitchell entered upon the preparation of this report they found that they required the assistance of an advisory board of engineers in order to pass upon certain features of the accounting that an accountant alone could not do, such as the separating of operating expenses from construction that might occur during the same time.

33137 Q. Let me just stop right there. Was C. V. Lacombe one of them?

A. Yes, sir.

Q. Is he dead?

A. I do not think so.

The Master: The firm of Marwick, Mitchell, Peat & Company are still in existence; you know that?

The Witness: Yes, I was down there. I saw the man that has that name, the one I transacted more of the business with, but it seems he has grown larger and taller.

Q. Alfred W. Boorean, was he one of the engi-

33138 neers?

A. Yes.

Q. He worked on the report?

A. No, not Boorean. He was more of a statistical expert and mathematician. In fact he was connected with the law department of the city.

Q. Is he alive or dead?

A. Well, he is very sick on a farm in the country.

Q. William D. Marks?

A. William D. who?

Q. William D. Marks.

A. Oh, Marks is dead.

Q. James Marwick, that is the one you spoke of a little while ago?

A. Yes.

Q. And A. Bowman?

A. Yes, Bowman was the head of the accounting firm in the absence of Marwick and Mitchell, and he was the one I had to do with mostly.

Q. Where is he now?

A. I do not know. He answered to the name of Bowman when I went there a few days ago.

Q. But it was not the same man?

A. It was a bigger Bowman. 33140

Q. James Hall?

A. James Hall is, I understand, in Chicago.

Q. He was one of them?

A. Yes.

Q. And you understand he is out of the state?

A. I understand he is in Chicago.

Q. This was the advisory board that worked on the report?

A. Yes.

Q. Tell the Court what part you had in the preparation of the report.

Mr. Ransom: Objected to as incompetent.

The Master: Overruled. 33141

Q. First of all, did you have access to the books of the company?

A. Oh, yes.

Q. You yourself, personally?

A. Personally I handled every book that was concerned.

Q. Did you yourself personally check this report that I hold in my hand?

A. I checked Mr. Burr's copy, which is the original, and I checked that off with the printed report, the first printed report, every item.

Q. This paper I hold in my hand contains the original signature, does it, of Marwick, Mitchell & Company?

A. Yes, sir.

Q. You recall, do you, that this report was offered in evidence at the trial of the other case?

A. Yes, sir.

The Master: For what purpose?

Mr. Ransom: I doubt very much whether the witness is qualified.

The Master: Then I will ask Mr. Chambers to tell me for what purpose.

33143

Mr. Chambers: Why it was offered in evidence? For the purpose—I would just as leave ask the witness.

The Master: No, I ask you.

Mr. Chambers: As showing a tabulation of the cost of certain of their real property and so on, taken from their books—of the company.

The Master: Let me see it.

Mr. Chambers: I just wanted to ask him, the original signature or one of the original signatures of Marwick, Mitchell & Company appears on page 38.

33144

The Witness: Yes, sir.

Mr. Ransom: Objected to as incompetent.

Q. Do you remember Mr. Mayer, who was then Attorney General?

A. Very well.

Q. He was familiar with the report, was he?

A. Well, he did not take an active—a very active part. I met him several times during the case, but Senator Page and Mr. Kirby and Howard Gans were the active counsel for the state.

By the Master:

Q. This apparently was a report of operating accounts of the Consolidated, to ascertain the cost of gas supplied to private consumers in the City of New York by that company during the year 1905?

A. That is it.

Q. That is what this was?

A. Yes.

Q. That is all it refers to?

Mr. Chambers: No.

A. No, it has a number of other things.

By Mr. Chambers: 33146

Q. It has the cost of the real estate?

Mr. Ransom: Objected to as incompetent.

Mr. Chambers: It has a real estate schedule in it.

Mr. Ransom: Objected to. The defendant here and each of them have put in versions of real estate cost, and Mr. Chambers has put in—

Mr. Chambers: The Court said he was going to take this Marwick-Mitchell report if I could prove it was correct.

Mr. Ransom: Mr. Silverman has put in very complete tables according to his theory of real estate costs. How many theories are each of 33147
the defendants to have?

The Master: Since I have allowed the Yalden report in I have reached a very definite conclusion as to the basis of calculating investment or value, or whatever you may call it.

Mr. Chambers: This bears on what you want. This follows the Yalden report prior to consolidation, but after that there is a connecting up here on real estate.

The Master: Go ahead.

Mr. Ransom: Silverman has made up what he calls a summary from 1884, to date.

The Master: Well, we have not got to it yet.

Q. Did you check this Marwick-Mitchell report yourself from the books?

A. Yes, sir.

Mr. Ransom: Objected to. The witness was not qualified to testify to that.

The Master: Allowed.

Mr. Ransom: Exception.

The Witness: Yes, I checked every item in it: I took it off the Circuit Court printed record.

33149 Q. And are you able to say of your own knowledge after having checked it that it is correct?

Mr. Ransom: Objected to as incompetent.

By the Master:

Q. What do you mean you checked it with the Circuit Court?

A. At the time I checked that off the Circuit Court record had not been printed, and I took the Circuit Court record and took the copy of Marwick & Mitchell's report and checked it off item by item.

Q. With what?

A. With the printed report. That is to see that the printed report was correct.

33150 Q. Yes, but you did not compare the items in here with the book items; you did not go back and do the accounting work that Marwick & Mitchell did?

Mr. Chambers: Yes, he did.

A. Well, I watched it very carefully. In fact I have looked into the books very carefully all the time. I was there every day for thirty days, I reckon; every day.

By Mr. Chambers:

Q. Working right with him on the books?

A. Working right with him on the books all the time.

Q. Are you able to say whether this is correct as a transcript of the records of the company?

Mr. Ransom: Objected to as incompetent. Do not answer, Mr. Edgerton, until the objections are ruled upon.

The Master: Let me hear the question.

(The question was read by the stenographer.)

Q. (Continued.) Or a correct tabulation?

The Master: I will sustain the objection.

Mr. Chambers: Why?

The Master: I will decide whether Mr. Edgerton is able to say that. 33152

Q. State whether, as the report was being made, you had access to the books?

A. I had access more particularly—I paid more particular attention to everything in technical matters. Therefore, I checked every item that was taken in the cost of making gas.

The Master: For 1905?

The Witness: For 1905. That is to say, the original reports, manufacturing reports, and the plant and everything connected with the cost of manufacturing I checked myself. In fact I had to suggest what there was on the subject. They were not acquainted with technical accounts or 33153 gas plants, the accountants, and relied on men who were acquainted with gas accounting.

Q. How about the checking of the cost of the real estate?

A. I checked that off, but that was in comparison with the books of—the old books, those books that have since disappeared.

Q. Were they there then?

A. I had every one of them that Marwick & Mitchell had and I went over them. I went over them with a view to ascertaining what certain things cost, like gas holders.

33154 Henry H. Edgerton, Direct.

The Master: Cost the constituent companies?

The Witness: The constituent companies, yes.

Q. Subsequent to 1884, down to the time of the report, were those figures correct?

Mr. Ransom: Objected to as incompetent.

The Master: What figures?

Mr. Chambers: As to real estate.

The Master: Objection sustained.

Q. 1884 down to the time of the report. First you checked the original cost to the original companies that were consolidated?

33155 Mr. Ransom: Objected to as incompetent, the qualifications of the witness not being shown. I would like to cross-examine him.

The Master: I will let him answer that.

A. Yes, I was well acquainted with the Yalden proceeding and was interested with the committee of 1886, and after the first committee reported—I don't know whether that is in evidence, but the whole proceeding of the Yalden report I went over very carefully.

Q. Is there anybody that you know of that knows any more about the accuracy of this report than you do?

33156 Mr. Ransom: Objected to as incompetent.

The Master: Objection sustained.

Mr. Chambers: Exception.

Q. Is it correct?

Mr. Ransom: Objected to as incompetent.

Mr. Chambers: Do you say you will not allow me to ask him that?

The Master: Objection sustained.

Q. So every item in this book, this Marwick & Mitchell report, was checked sometime or other by you with the books of the company that you had them and were working on?

Mr. Ransom: I object to that as incompetent. The witness has said no such thing, and he would not be qualified.

The Master: Objection sustained.

Mr. Chambers: Why do you sustain that?

The Master: Because he didn't say it, and if he said it, I would not believe it—checked up every item in this report.

Mr. Chambers: Well, I think he did.

Mr. Ransom: Counsel puts his witness in a precarious position.

Q. Tell everything you had to do with the preparation of the report, as to its accuracy? 33158

A. After this report was made there was controversy after controversy that went on for a period of several years. I was connected with the City then, and there was a question about the Welsbach burner for street lighting, and others that went on until the case was finally decided by the United States Supreme Court. I was occupied in that all the time. As regards the process of getting up this report, I was there every day, sometimes there every night, sometimes I was there until late hours. The Gas Company can attest that, they saw me there.

Q. And in that way you participated in the making of the report? 33159

A. I did.

Mr. Chambers: I will be glad to have the Master examine him further if you care to.

The Master: I am examining it, assuming that you intend to offer it.

Mr. Chambers: Yes, after I find out all he knows about it.

The Master: Let me familiarize myself with what it is.

Mr. Chambers: You recall, do you, that the Rowland report, they produced a signed copy of it; nobody testified that it was accurate.

Mr. Ransom: Oh, yes, they did.

Mr. Chambers: No, they didn't, there wasn't anybody who participated in it or had anything to do with it called. Here is a man here who worked right on this report, who was one of the advisory board.

The Master: I don't see what is in your mind at all; I don't see how it is material.

33161 Mr. Chambers: You mean as to the cost of gas? I am not urging that upon you. It is the real estate that he says he has checked.

The Master: I don't think it is immaterial; I was just looking at it.

Mr. Chambers: We think it is.

The Master: That is where you and I differ.

Q. Well, it is no harm if it is immaterial—what harm can it do?

The Master: I won't take it.

Mr. Chambers: Well, we say it is.

The Master: Go ahead.

Mr. Chambers: Now, this schedule of the

33162 real estate—did your Honor notice that—not only covers the real estate account of the companies merged, but also from the date of merger to December 31st, 1905. That is the part that I claim is very material. I now offer this Marwick & Mitchell report in evidence.

Mr. Ransom: I object to it—

The Master: The whole report?

Mr. Chambers: Yes, as a whole. Perhaps your Honor may want to split it up and take some of it.

The Master: I want to make sure of your offer. You offer the whole report?

33163

Mr. Chambers: Yes.

Mr. Ransom: I object to it as incompetent, irrelevant and immaterial.

The Master: Objection sustained.

Mr. Chambers: Exception. Will you state why?

The Master: I will not state further.

Mr. Chambers: What part of it will you take?

The Master: I don't know.

Mr. Chambers: You have already said you would take it if we proved it was authentic.

The Master: I have made my ruling. If it is in conflict with any other ruling I have made, this ruling stands. 33164

Mr. O'Brien: Still, your Honor, you can appreciate that we are relying upon your statements as we go along.

The Master: Then you may have to change your mind.

Mr. Chambers: I ask that it be marked for identification. If I brought other witnesses here, would your Honor's ruling be the same?

The Master: I don't know.

Mr. Chambers: Is it because I have not proved that it is accurate?

The Master: I will state this: That report purports to be a report of operations for the year 1905— 33165

Mr. Chambers: I object to its even being marked for identification.

The Master: Yes, it may be marked for identification.

Report marked Defendants' Exhibit AA251 for identification.

The Master: I hold that it is not at all material, and I will not take the report as such.

33166

Mr. O'Brien: Well, your Honor, isn't there data there from which you can conclude how much coal and how much oil might be used?

The Master: In 1905?

Mr. O'Brien: Yes.

The Master: Yes, but I am not interested in that.

Mr. O'Brien: Other engineering facts would be deduced from that statement, your Honor.

The Master: I won't take that report.

Mr. Chambers: Not any branch of it?

The Master: I won't take that report.

33167

Mr. Chambers: Now, I offer separately so much of the report as deals with real property, the real property schedule.

The Master: As I glanced at the first pages of it, it appears to be simply a statement of what was carried over into the books of the Consolidated Gas Company as real estate from the constituent companies. Is that at all in conflict with the complainant's books?

Mr. Chambers: Yes.

The Master: In what respect?

Mr. Chambers: Why, this gives the original cost of buildings and improvements.

33168

The Master: You mean the original cost to the constituent companies?

Mr. Chambers: Yes.

The Master: You are offering it for that purpose?

Mr. Chambers: Yes.

The Master: Then I shall refuse to take it, upon the ground that we are not considering in this case the original cost of these buildings or real estate to the constituent companies.

Mr. Chambers: Will you take just enough of it so the figures may be shown, without allowing it in?

33169

The Master: No. I am giving you a ruling on it as broad as I can make it, and I shall refuse absolutely to consider the cost of this real estate to constituent companies, and I shall find as the basis from which I shall start, the fair value of the real estate and other properties turned over to the Consolidated Gas Company as of November 11, 1884, at approximately $30,000,000.

Mr. Chambers: As to that, this is the cost to the constituent companies that we are on now.

The Master: Yes, I won't take it for that purpose.

33170

Mr. Chambers: I would like to get on the record the tables that are on page 3 of that real property schedule, so the Appellate Court, if it be material, may be able to see what it was.

The Master: No, I won't take it. If I am wrong in my theory of this court the Appellate Court will have to send it back to some other Master.

Mr. Chambers: That is what I want to avoid if I can, because they will have the testimony before them.

The Master: It cannot be, because the record as I shall make it now, will be so incomplete on

33171

that theory and on that basis that it will be impossible for them to make a finding, if they wanted to. I am going to limit this case to the issue as I conceive it, and I am going to limit the proof now to the fair value of this property on November 11, 1884, at the time that the Consolidated Gas Company took it over and issued approximately $30,000,000 of stock for it; and I am going to proceed upon the theory, that after a period of thirty-six years, in the light of all the circumstances, in the light of the statute, in

33172

the light of the investigation made by the state in 1885, and all the rest of it, that the amount paid by the Consolidated Gas Company in 1884, must be taken to be the fair aggregate value of the property at that time.

Mr. Clark: If your Honor please, this is the only item of evidence that is left out.

The Master: I am leaving it out deliberately, Major, and purposely.

Mr. Clark: If the Court wanted to make a finding based on that, it is there before them.

The Master: I am going to keep it out deliberately.

33173

Mr. O'Brien: You are adopting a sink or swim policy.

The Master: Yes.

Mr. Chambers: I want to state that on the record, so that hereafter no one can complain that the defendants did not try to have the evidence spread upon the record, so that a new trial could be avoided.

The Master: Judge Ransom presses his objection to these schedules?

Mr. Ransom: I surely do.

The Master: I will sustain the objection.

33174

Mr. Chambers: If there is a new trial because this is not in, they will have to stand the expense.

The Master: They will.

Mr. O'Brien: I presume Judge Ransom is pressing his objection to the extent of its not going on the record?

Mr. Ransom: I do.

Mr. O'Brien: He is *particeps* then to that abortive proposition.

The Master: If, in arriving at a conclusion, I have let in evidence that is not proper, or re-

33175

fused to take evidence that is proper, that is one of the misfortunes of the Gas Company. They will have to go through the trials and tribulations of a new lawsuit. If I think Judge Ransom is right when he makes an objection I can do no more than sustain the objection. The responsibility is not mine, it is his.

Mr. Chambers: I take it that goes so far that if I offered other proof in regard to this report—if I was able to bring all of the men here who worked on it—

The Master: I am assuming the accuracy of the figures, and I am assuming that those figures 33176
show what the constituent companies paid for the real estate, what it actually cost them, and I am ruling it out on the ground that I am not interested in it.

Mr. Ransom: This report is very inaccurate.

The Master: I don't care anything about that, you are pressing the objection on the ground of its immateriality.

Mr. Ransom: On the ground that it is immaterial, and that it brings in an extraneous issue.

The Master: I am sustaining it on that ground.

Mr. O'Brien: On that ground alone?

The Master: On that ground. 33177

Mr. Chambers: I wish you would use that word "alone."

Mr. O'Brien: You said a minute ago you were assuming it was accurate.

The Master: There is no necessity for my considering anything beyond the point that I do not think it is material. There is no reason why I should consider at all whether it is properly proved or whether it is accurate. The minute I say I am ruling it out because it is immaterial I am including everything that goes with it. I am ruling it out because it is immaterial.

Mr. Chambers: To make the record still more complete, if it is not so already, I offer to show by this report the original cost of the real estate, buildings and improvements of the Manhattan Gas Light Company; the Municipal Gas Light Company; the Harlem Gas Light Company; the New York Gas Light Company; the Metropolitan Gas Light Company. The books of the Knickerbocker Gas Company not having been available I cannot show that. I offer to show that as to each of these companies at the time of the con-

33179 solidation on November 11, 1894, the appreciation written up on the books of those companies and the amount in which it was taken over. You will give us an exception to all the rulings?

The Master: Yes, sir.

Mr. Chambers: An exception to the failure to let us put in these figures in our offer?

The Master: Yes.

Mr. Chambers: Now, I offer so much of the report as shows the additions and improvements to the real estate made by the complainant company from November 11, 1884, to December 31, 1905.

33180 The Master: That is ruled out on the ground that it is not properly proved.

Mr. Chambers: It is not properly proved?

The Master: Yes.

Mr. Chambers: Well, Mr. Edgerton said he checked it.

The Master: I haven't sufficient information to know where it comes from, what it is and how it is made up.

Q. What knowledge have you of that part of the report, Mr. Edgerton, that shows the additions and improvements to real estate from November 11, 1884, to December 31, 1905, of Consolidated Company?

Mr. Ransom: Objected to, incompetent, no proper method of proving this thing.

The Master: I will let Mr. Edgerton state what he knows about it.

A. Well, I was acquainted with the thing before it was ever—

The Master (interrupting): Does that purport to be from the books?

Mr. O'Brien: Just let him finish his statement, if your Honor please.

The Witness: From the books; the Yalden report.

33182

Q. No, I am speaking after 1884, the period between 1884 and 1905.

The Master: I read from the report, Mr. Edgerton, before you answer that question, this report states: "From November 11, 1884, to December 31, 1905, the Consolidated Company made certain additions and improvements to real estate, and the following is the present position of the account." Now, what I want to know is what you know about that figure?

The Witness: Well, I went over those figures with the accountants at that time.

The Master: This purports to show book value December 31, 1905. Was that taken from the books?

33183

The Witness: That is taken from the book that part.

The Master: I shall rule it out upon the ground you have already put in a statement showing what the book value was as of December 31, 1905.

Mr. O'Brien: Well, your Honor, I offer that in behalf of the defendant Edward Swann, District Attorney of New York County.

33184

The Master: Well, you don't think my ruling will be any different because it is Ed Swann instead of Mr. Newton, do you?

Mr. O'Brien: I am preserving the District Attorney's rights as one of the defendants.

The Master: But you have exception, and an exception in favor of one defendant can be availed of by all defendants. I made that ruling at the start.

Mr. O'Brien: But your Honor, I did not offer the book.

The Master: But the defendants have. All

33185 of the proof offered in this case has been offered by the defendants.

Mr. Chambers: Now, I offer to show what was the book cost to the complainant company of additions and improvements to real estate between November 11, 1884, and December 31, 1905, as shown by pages 3, 4, 5 and 6 of this report.

Mr. Ransom: Objected to as incompetent.

The Master: I want to get your record right, Mr. Chambers. That is not really pages as numbered of that report, it is pages of a subportion of that report.

33186 Mr. Chambers: What I should say is pages 3, 4, 5, 6 and 7 of that portion of the report called the Report on Real Estate, which bears date November 26, 1906.

Mr. Ransom: Objected to on the ground it is incompetent, and not a proper method of proving the additions.

The Master: Objection sustained.

Mr. Chambers: Exception.

The Master: I do not sustain it on that ground. I sustain it on the grounds already stated by me as to various parts of that same matter.

33187

Mr. Chambers: Now, I offer so much of the report as is contained in the Real Estate.

Mr. O'Brien: You will note our exception.

Mr. Chambers: Now, I offer that portion of this report on Real Estate which we have been speaking of here, found on page 7, which shows the cost to the Consolidated Gas Company of certain ground at Long Island which was subsequently transferred to the Astoria Light, Heat & Power Company.

Mr. Ransom: Objected to, no foundation laid, not the proper method of proof.

The Master: Transferred to the Astoria for 33188
the same price they paid for it?

Mr. Chambers: No, it cost the Consolidated $450,000 and they transferred it to the Astoria Company for $750,000.

Mr. Ransom: I object to these figures being placed on the record in that way.

Mr. Chambers: Being a profit of $300,000.

The Master: In other words, they made a profit on it?

Mr. Chambers: It says so right here.

The Master: It says so right there?

Mr. Chambers: It says they made a profit of $300,000.

33189

The Master: I will sustain the objection.

Mr. Chambers: I better mark this.

The Master: The whole book is marked, that is not necessary.

Mr. O'Brien: Is that ruling on the theory it is incompetent?

The Master: It is on several theories.

Mr. Chambers: Now, I offer, because this is something that is not cumulative, we haven't it in, I offer separately Exhibit A of the schedule entitled "Report on Real Estate," being details of

the real estate transferred by the Manhattan Gas Light Company at the time of consolidation, and the other companies.

Mr. Ransom: I object to it on the grounds previously stated.

The Master: Yes, I saw that. That is taken from the books, isn't it?

Mr. Chambers: Of the old companies.

Mr. Ransom: Of the constituent companies, not of the Consolidated Company. And only some of the books of the constituent companies were ever seen.

33191

The Master: That does not purport to include the Knickerbocker, does it?

Mr. Chambers: The Manhattan—yes, the missing Knickerbocker, that is in.

The Master: Where did they get them from? They must have got them from the Consolidated books then.

Mr. Ransom: No, they got it, I suppose, from their version of the Yalden report.

Mr. Chambers: No.

Q. Where did they get that from, do you remember?

33192 A. The Municipal Company was the starter of the Knickerbocker, and they had information in regard to it from the Municipal people.

The Master: From the people, not from the books?

The Witness: I did not understand it was from the books, no.

The Master: Objection sustained.

The Witness: The Knickerbocker was the child of the Municipal.

The Master: I won't take any statement.

Mr. O'Brien: I don't know that Mr. Edgerton means that it was passed down by word of mouth, you don't mean that?

The Witness: Oh, no, they had the figures—

The Master: I understand what he said.

Mr. O'Brien: What did you mean, Mr. Edgerton?

Mr. Ransom: Objected to as incompetent.

The Master: Objection sustained.

Mr. O'Brien: Well, he has misunderstood the witness's statement.

The Master: I do not misunderstand plain 33194
English.

Mr. O'Brien: Well, the witness's second answer indicated that you had misunderstood it.

The Master: I hold the witness to the first answer.

Mr. O'Brien: I take an exception.

Q. Well, the information as to the cost of the property of the Knickerbocker you say was based on books or records, of the Consolidated Gas Company, as you recall?

Mr. Ransom: He has not stated that.

The Master: I don't care anything about that. We are on the question of the details of the 33195
property transferred.

The Master: Well, that includes the cost as they figured it to the constituent companies.

Mr. Chambers: Will counsel subside a minute until I ask a question or two?

Mr. Ransom: You mean for the Attorney General?

Q. Now, the information as to the real estate of the Knickerbocker Gas Light Company, found in Schedule B which I am now offering, where do you say they got that information from?

Mr. Ransom: Objected to. The witness does not know.

The Master: Objection overruled.

Mr. Ransom: Exception.

A. My knowledge of it was that the Municipal Gas Light Company took charge of the Knickerbocker enterprise, and hence they were acquainted with the real estate values that they bought. In fact, it was an old concern that Mr. Rowland had to do with before, the Union Company, the plant there—

The Master: That is the same Rowland re-

33197 port man?

The Witness: Yes, the same, the firm of T. G. Rowland had built a plant there, and it did not work, so when the Municipal panned out all right they went ahead on the Municipal plant.

Q. And those figures really came then from the—

A. The investigations of the case by the Municipal Company. There is no doubt about that.

Mr. Chambers: I offer that Schedule B in evidence.

Mr. Ransom: Objected to on the previous grounds.

The Master: Objection sustained.

33198 Mr. Chambers: Exception. Now, I offer Schedule C, being the real estate transferred by the Harlem Gas Light Company, being the details.

The Master: Same ruling.

Mr. Chambers: And I offer separately Schedule E, being the real estate transferred by the Metropolitan Gas Light Company to the Knickerbocker.

Mr. Ransom: Same objection.

The Master: Same ruling.

33199

Mr. Chambers: Exception. I offer in evidence Schedule F, being real estate acquired by the Consolidated Gas Company November 11, 1884, to December 31, 1905, taken from their books.

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. Chambers: I offer in evidence appendix Numbered 1, being a list of books account of companies merged as Consolidated Gas Company of New York, as of November 10, 1884.

The Master: Same ruling.

Mr. Chambers: Testimony showing that these books have disappeared now.

33200

The Master: Same ruling.

Mr. Chambers: All of my offers are on the ground that secondary evidence of the contents of the missing books is offered, and I note an exception to all rulings.

Now I offer separately so much of this report of Marwick & Mitchell which shows the details of the cost of manufacturing gas, amount of coal and oil, etc., necessary in 1905.

Mr. Ransom: Objected to on the grounds previously indicated.

The Master: Objection sustained.

Mr. Chambers: Exception.

33201

Mr. O'Brien: Exception. Is your Honor's ruling on that on some particular ground?

The Master: Too ancient. Get down to date. Let's have a living witness who can tell us something.

Mr. O'Brien: You did not say that when they went to the graveyard and brought back these three exhumed corpses to tell us the value of the plant.

The Master: Nevertheless, I am throwing it out.

Mr. O'Brien: I note an exception to your Honor's ruling.

Q. Mr. Edgerton, were you acquainted with the 14th Street plant in 1906?

A. Yes, sir.

Q. Of this company?

A. Yes, sir.

Q. And you visited it?

A. Several times.

Q. Inside of it, were you?

A. Inside and outside and all around it; and visited

33203 it since.

Q. And were you acquainted with the 42nd Street plant of the Consolidated Gas Company?

A. Yes, sir.

Q. In 1906?

A. In 1906.

Q. In 1905 and 1906—were you acquainted with it in 1905?

A. I was acquainted with it away back of that, almost to the time when it was built.

Q. At that time, in 1905 and 1906, were you familiar with the modern gas making equipment?

A. Yes, sir.

33204 Q. Had you studied abroad?

A. I had.

Q. How many years, up to that time, had you been engaged in the study of making gas, water gas and coal gas?

A. Why, I have been at work in 1905, finished work in 1905, I have not built any works since, but I have consulted in regard to it.

Q. I am speaking before 1905?

A. Before 1905?

Q. How long have you been familiar with gas making apparatus and machinery?

A. From 1859 and 1860.

Q. Have you kept yourself posted all that while on efficient gas making machinery?

A. I did.

Q. And you knew how to make gas, did you, in 1905—you knew how to make water gas?

A. I think so, yes.

Q. And coal gas?

A. And coal gas.

Q. Now, from your observation of the 14th Street plant of this company, are you able to state whether that plant was without modern gas making equipment 33206 at that time?

Mr. Ransom: Objected to as incompetent and immaterial.

The Master: Objection sustained.

Mr. Chambers: Will your Honor state why?

The Master: For two reasons, for one, you have not sufficiently qualified Mr. Edgerton to testify, and two, it is too ancient.

Mr. Chambers: What further qualification would you want?

The Master: I don't know.

Mr. Chambers: Well, you say I have not sufficiently qualified him.

The Master: You have not satisfied me by the 33207 few questions that you have asked Mr. Edgerton that he knows anything about it or knew anything about it then. He has stated that he did, but I am not bound by his conclusion. I have got to know something about it myself.

Q. What school, technical school or college, are you a graduate of?

A. Not a graduate of any.

Q. Where did you first start in?

A. In technical work?

33208 Henry H. Edgerton, Direct.

Q. Yes.

A. Chemical work, in Lawrence University, in Wisconsin.

Q. What did you do then? What were you doing then?

A. Well, I was chiefly engaged in a scientific course which embraced physics and chemistry.

Q. Scientific work?

A. Yes, sir.

Q. Of what nature?

A. Why, I set up all the chemical experiments and
33209 physical experiments the professors used to conduct in the college, set them up and carried them to a conclusion, so that they worked. I had special facility in that line of work, and the president of the college represented to Mr. Edgerton, my father, that I be sent to Europe to continue in that line.

Q. Then you went to Europe, did you?

A. Yes, sir

Q. What did you do in Europe?

A. I visited all the prominent gas works, got acquainted with the gas men, and entered into investigations in chemistry that were then undertaken by those connected not only with gas but various en-
33210 gineering problems, and made the acquaintance of the most prominent ones. I had *entre* to all the scientific schools in France that were under the patronage of the French Government.

Q. What year was that in, Mr. Edgerton, about, when you went to Europe?

A. 1861, 1862, 1863 and 1864.

Q. During the Civil War?

A. During the Civil War.

Q. How old were you then, Mr. Edgerton?

A. About twenty-one years.

Q. How long did you stay in Europe?

A. Three years.

Q. What gas plants did you visit?

A. All the gas plants in Liverpool first and then London, and the French gas plants, also the gas plants in Rome—all the plants that I had letters of introduction to the managers of and the officials. I made first the acquaintance of Mr. King who was prominent in gas matters at that time, and who was head afterwards of the London Terminal Gas Lighting Company.

Q. Where next did you go; did you return to the United States?

A. Yes. 33212

Q. In what year?

A. 1864.

Q. 1864?

A. Yes, the latter part; in the month of October I think it was.

Q. October of 1864?

A. Yes, sir.

Q. Then where did you go?

A. I went to Arizona for a period of two years.

Q. What did you do out there?

A. Mining.

Q. Mining?

A. Mining and keeping off Indians. I was sent 33213
there for safety, I suppose, but it was a more deadly place than any in an army by far.

Q. After you left Arizona where did you go?

A. I went back and took charge of the Fort Wayne Gas Works.

Q. The Fort Wayne Gas Works?

A. Indiana.

Q. How long did you stay there?

A. I was there until I took up this water-gas problem and oil-gas problem.

Q. About when was that?

A. In 1871 and 1872. I was there from 1866 until 1872, you might say. In fact, I continued as manager of the works along after that, but I was not there personally, only from time to time.

Q. What did you do there, make gas?

A. We made coal gas at that time.

The Master: Was this at Fort Wayne, Indiana?

The Witness: Fort Wayne, Indiana. I constructed the entire works and doubled the capa-
33215 city, or the bench capacity of the plant; that is, from about 25,000 to 56,000 cubic feet a day, which is about double what this 42nd Street plant and 14th Street plant do. That was done in 1866, 1867 and 1868. Then I visited the New Orleans plants and I remodeled the New Orleans plants on the same plan, with even slightly superior results.

Q. How long did you stay in New Orleans?

A. I was there three years off and on. It took me three years to build the works in New Orleans.

Q. Was that a water gas or coal gas plant?

A. That was coal gas. I made plans for an oil gas
33216 plant first, but they were not sufficiently—they did not think that it had sufficient time to develop and they preferred to rebuild on the old coal gas plan. But in 1884 I attended to water gas and coal gas.

Q. After the New Orleans work where did you go?

A. Why, I was building works all over the United States.

Q. Can you name some of them?

A. Why, there was the Peoples Gas Light Company of Chicago, that was one of the first. Then there was a number of little towns where I first introduced oil gas in Pennsylvania, about twenty of

them, and there was this works down here, this Brooklyn Borough, I built that for Henry B. Plant in 1878. That was first built there then.

Q. That is at Coney Island?

A. That is at Coney Island.

Q. Yes.

A. Well, then I became connected with—first, before that, they organized the gas company called The Gas Light Company of America, and that was building at Providence.

Q. Providence, Rhode Island?

A. Providence, Rhode Island. Then I was down 33218
south building a number of works in Waco, Texas, and Pensacola. I gave a list of them in the old case; I do not remember them all now. I have got a list of them, but there were some thirty altogether that I built from 1873 to 1875 or 1876.

Q. Were those water gas plants and coal gas plants?

A. They were mostly all water gas and oil gas; with the exception of New Orleans I did not build any coal gas works. I have built for the General Electric Company and for the North American Company at Butte, Montana, and Ashville, North Carolina. In fact, I was actually engaged in that at the 33219
time when they introduced oil gas first in 1872 and up to 1905.

Q. Then where did you go, or what did you do? What other works were you engaged in?

A. Well, I entered into electric investigations. By that time electricity had been developed as financially successful and I went into that with the General Electric Company, as consulting engineer with them in particulars in regard to gas and electricity.

Q. Then do you remember what next you did?

Q. Well, next I got involved in this regulation

business, after 1906, in one or another phase of it, clear up to the present time. I introduced the Edison cases before the Commission, the New York Edison, and helped on the Brooklyn Edison and various other cases—the Flatbush and the Flatbush Gas & Electric, in all of which we attained the object of keeping the current up.

Q. You worked for a time on the improvement of the Welsbach burner?

A. I worked on an improvement of the Welsbach burner, and I got the bugs out of the Welsbach burner.

33221 Q. You got what—the bugs out?

A. Yes.

Q. What do you mean by that?

The Master: That is a very well-known term of inventors—that there was something wrong with it.

The Witness: Yes. Well, to give the history so as to have it in the record in this case—

The Master: I do not care about that, Mr. Edgerton.

The Witness: No, of course.

The Master: We do not care about the Welsbach burner.

33222

Mr. Chambers: Is your Honor still dissatisfied with his qualifications as an engineer?

The Master: You want to ask him about the condition now in 1905?

Mr. Chambers: I want to withdraw him a minute, because there are a number of witnesses here, one from Boston, and Mr. Macy. If I get rid of them, then I will go on with Mr. Edgerton.

The Master: I have no objection to it, except that you are giving Mr. Edgerton a good deal of work to climb up and down.

Mr. Chambers: He can sit right here a minute.

The Master: How much time will Mr. Macy's testimony take?

Mr. Chambers: He has just spoken to me. A few minutes.

CARLETON MACY, recalled on behalf of the defendants. 33224

DIRECT-EXAMINATION BY MR. CHAMBERS:

Q. You have produced some additional contracts between your company, the Queens Borough Gas and Electric Company and the Standard Oil and the Gulf Refining Companies?

A. Yes, sir.

Q. Refreshing your recollection from this letter, do you recall that you had a contract with the Gulf Refining Company for gas oil, for supplying you with gas oil from April 1st, 1906, to April 1st, 1907 (handing witness paper)?

33225

A. We had a contract about that time, but I find that that contract has been mislaid somewhere and we have not produced it.

Q. And that is the reason why you have not produced it?

A. Yes.

Q. Do you recall what was the price of the gas oil, or what you paid for gas oil during that period?

Mr. Ransom: Objected to as incompetent.

The Master: Objection overruled.

Mr Ransom: Exception.

33226 Dana D. Barnum, Direct.

A. Yes, I looked up the vouchers and found we were paying 31 8 cents.

Q. 31 8 cents?

A. 31 8 cents a gallon.

Q. You said that was between April 1st, 1906, and April 1st, 1907, those two dates?

A. Yes.

Q. And the oil was delivered to you at that price?

A. 31 8 cents, yes.

Q. Do you recall what quantity?

A. No, I do not.

33227 Q. Do you recall what the gravity was?

A. No, I do not know about that. Similar oil to that which they had furnished us right along on various other contracts.

Q. Similar to the oil that was furnished under the contract previous to that?

A. Yes.

Q. And similar to the gravity of the oil furnished a year or two after that?

A. I believe so.

Mr. Chambers: That is all.

Mr. Ransom: No cross-examination.

33228

DANA D. BARNUM, called as a witness on behalf of the defendants, being duly sworn, testified as follows:

DIRECT-EXAMINATION BY MR. CHAMBERS:

Q. Mr. Barnum, where do you reside?

Q. Dedham, a suburban town of Boston.

Q. You came down from Boston yesterday, did you?

A. This morning.

Q. What company are you connected with?

A. The Boston Consolidated Gas Company.

Q. In what capacity?

A. Vice president and chief engineer.

Q. You know J. L. Richards, do you, or you did know him—who was formerly president of your company?

A. I do.

Q. He is no longer president of the company?

A. No, he is chairman of the Board of Directors.

Q. Was he president of the Boston Consolidated Gas Company in September, 1916?

A. Yes, sir.

Q. And you know his signature, do you? 33230

A. Yes.

Q. I show you a paper dated September 20th, 1916, purporting to be a contract between the Gulf Refining Company and the Boston Consolidated Gas Company, and ask you if you have looked at the signature at the bottom there of J. L. Richards, for the Boston Consolidated Gas Company (handing witness)?

A. Yes.

Q. Are you able to say whether that is Mr. Richards' signature?

A. To the best of my knowledge and belief it is.

Q. You have seen him write?

A. Yes. 33231

Q. And he has written to you?

A. Yes.

Q. And acknowledged letters which he has written to you?

A. Yes.

Mr. Chambers: I offer the contract in evidence. If the Court will remember, Mr. Lyon identified the signature of G. R. Nutty, and I lacked this other proof.

Mr. Ransom: I make the objection that I made before as to contracts for delivery under different conditions and in different cities.

33232 Dana D. Barnum, Cross.

The Master: I will allow it.

Mr. Ransom: Exception.

Marked Defendants' Exhibit AA-252.

Mr. Chambers: That is all.

CROSS-EXAMINATION BY MR. RANSOM:

Q. Mr. Barnum, this 1916 contract for 14,000,000 gallons a year related to two different kinds and qualities of oil and at two different prices, did it?

Mr. Chambers: Just a minute. I did not ask him anything about the contents of the contract: I just asked him to identify the signature.

33233 Mr. Ransom: I have a right to bring out the circumstances.

The Master: Objection overruled.

Mr. Chambers: Exception.

Q. Two different qualities of oil at different prices?

A. Yes.

Mr. O'Brien: Does not the contract speak for itself?

Mr. Chambers: Yes certainly.

Mr. O'Brien: We have not asked this man to interpret it.

Mr. Chambers: He looked over it very hastily.

The Master: I have overruled the objection.

33234 This is cross-examination on a paper offered in evidence.

Mr. O'Brien: He is asking him does it not read so and so.

The Master: Yes.

Mr. O'Brien: I object to it.

The Master: Objection overruled.

Mr. O'Brien: Exception.

Q. There was what was called Red River Crude, produced in the State of Indiana, and also what was called Solar Oil; is that right?

A. Yes.

Q. If the Gulf Company was not able or if its supply of Red River Crude became inadequate to take care of the contract requirements, the Gulf Company was to have the right to deliver the higher priced oil, the Solar Oil; is that true?

Mr. Chambers: I object on the ground that the contract speaks for itself.

The Master: Objection overruled.

Mr. Chambers: Exception.

A. Yes.

Q. Were you able to get the Gulf Company to deliver the lower priced oil, the Red River Crude? 33236

Mr. Chambers: I object to that as incompetent.

The Master: Overruled.

Mr. Chambers: Exception.

A. I went with the Boston Consolidated Gas Company November 1st, 1917, and since that date we have not had any.

Mr. Chambers: I object to that as being long after the date of this contract. I did not ask him anything about that.

Q. This contract went into effect April 1st, 1917?

A. Yes.

Mr. Chambers: 1917? 33237

Mr. Ransom: Yes.

Mr. Chambers: This one?

Mr. Ransom: Yes.

Q. You went with the Boston Consolidated when?

A. November 1st, 1917.

Q. Since you have been with the Boston Consolidated has your company been able to get the Gulf Company to deliver any of the Red River Crude?

A. They have not delivered any of the Red River Crude.

Q. This price which is fixed in this contract is for gas oil delivered into tanks by sea-going tanker ships alongside, is it not?

Mr. Chambers: I object to that on the ground the contract specifies all the terms.

The Master: Overruled.

Mr. Chambers: Exception. It seems to me a waste of time to ask him the contents of a paper that is in evidence.

The Master: We will have to waste a few minutes.

33239 Q. Is that the fact?

A. With the exceptions noted in the contract.

Q. At Everett you have facilities, and were required to have facilities for delivery directly from the tank ship?

A. Yes, sir.

Q. You were to pay a still higher price for barge delivery, were you not?

Mr. Chambers: I make the same objection.

The Master: Objection overruled.

Mr. Chambers: Exception.

A. Under certain conditions.

Q. What were those conditions?

33240 Mr. O'Brien: If he is going to recite the conditions of the contract I will object to it.

The Master: Objection overruled.

Mr. O'Brien: Exception.

The Master: I take it that means more than twenty per cent of the oil delivered during the year to be delivered by other than to tanks at Everett?

The Witness: That is correct.

Q. Everett was the only place where you could make delivery from the tank ships?

A. A small tank ship could go in to one other plant.

Q. Which plant is that?

A. The Commercial Point plant.

Q. But at other points it would be barge delivery?

A. Yes, sir.

By Mr. O'Brien:

Q. Commercial Point is South Boston?

A. No, in Dorchester.

By Mr. Ransom:

Q. Under the contract with the Gulf Refining Company you were required to have and provide tanks having a storage capacity of not less than two million gallons, is that so?

33242

A. Yes.

Q. Now, this contract for fourteen million gallons a year did not cover your requirements, did it?

A. No.

Q. And if you needed more did you have some arrangement with the Gulf Refining Company that they would supply the additional quantity at the market price, if the Gulf Company had it, or that you could buy the additional quantity elsewhere at such price as you could obtain—is that substantially the situation?

Mr. O'Brien: I make the same objection, that the contract will speak for itself.

33243

The Master: Objection overruled.

Mr. O'Brien: Exception.

Q. Is that the situation?

A. If they did supply all we needed we had to go in the market and buy the extra oil.

Q. That is, if you required over fourteen million, if you could not get it from the Gulf at the market price you were to get it elsewhere at the market price?

A. Yes.

Q. Now, take 1918, do you know about how many million gallons more you bought to cover your re-

quirements?

A. When you say 1918, do you mean the oil year according to the contract, or the fiscal year?

Q. Either way. How many millions more did you buy from the Gulf Refining Company during the oil year, let us say?

A. The oil year ending March 31, 1918, we had about 100,000 gallons excess. In the oil year 1919, we had about three and one-half million gallons excess about the fourteen million.

Q. That is, you had to have that much over and

33245 above the fourteen millions?

A. Yes.

Q. How much of it did you get from the Gulf Refining Company during that oil year?

A. We got all of that from the Gulf.

The Master: For both oil years?

The Witness: Both those two oil years.

Q. What price did you have to pay?

Mr. Chambers: I object to that as incompetent, irrelevant and immaterial and not proper cross-examination.

The Master: Objection overruled.

Mr. Chambers: Exception.

33246 A. 8.3 4 cents.

Q. Was that the best price you could obtain?

A. Yes.

Q. In the oil year ending March 31st, 1918 or 1919, during that oil year, did you have to buy oil from the Tidewater which the Gulf did not supply?

The Master: Either one of the years, the year ending March 31, 1918, or the year ending March 31, 1919, did you buy from the Tidewater?

The Witness: Yes.

The Master: I thought you said you got all you wanted from the Gulf Company?

The Witness: We got that—that was an oversight. We had to buy a small amount from the Tidewater in the summer of 1918 at a time when transportation was bad.

The Master: What did you pay them?

Mr. Chambers: I make the same objection, as not proper cross-examination.

The Master: Objection overruled.

Mr. Chambers: Exception.

A. They shipped a little over 200,000 gallons by rail to Everett, and we paid them eight cents plus the freight from Bayonne; and for two hundred and 33248
some odd thousand gallons shipped by barge to the Commercial Point plant we paid 9 1/4 cents alongside the Commercial Point plant in their barge.

Q. For over 200,000 gallons you paid eight cents at Bayonne—

The Master: I won't have repetition.

Mr. Ransom: I wanted to clear it up.

The Master: It is clear.

Mr. Ransom: I want to be sure that there was over 400,000 gallons all told.

The Master: I am sure, he has said so.

Q. Do you know how much freight you had to pay on the two hundred and odd thousand gallons 33249
which you bought at Bayonne, and which came up by rail?

A. Approximately 1 1/4 cents.

The Master: So it cost you over ten cents?

Mr. Chambers: No.

The Witness: Over nine cents.

Mr. Chambers: He said eight cents—

The Master: Eight cents flat, was it?

The Witness: Eight cents, that which came up by rail.

The Master: And that made 9 1/4 cents?

33250 Dana D. Barnum, Cross.

The Witness: Approximately.

The Master: And the other 200,000 you paid nine for?

The Witness: That was delivered alongside.

Mr. Chambers: The anxiety of all parties to make it more than it is is apparent.

Q. In the oil year 1919—

The Master: Beginning April 1, 1919, you mean?

The Witness: That is this year.

Q. That would be the present oil year—did you
33251 have to buy any further from the Gulf or other sources?

A. We have an agreement with the Gulf Company to furnish all the extra oil we need up to the end of this oil year, that is, March 31, 1920.

Q. At what price?

Mr. Chambers: I object to that as not proper cross-examination.

The Master: It is allowed.

Mr. Chambers: Exception.

A. Seven and a half cents.

The Master: I thought Mr. Ransom's question was, have you been compelled to buy oil in
33252 addition to the contract?

Mr. Chambers: No, he didn't say that.

The Master: I will ask him that. That is what I understood him to ask.

The Witness: We made this agreement the first part of December, 1919, because we knew that we would need extra oil before April 1st, and we bought at that time.

The Master: Additional requirements?

The Witness: Additional requirements, made an agreement for additional requirements.

The Master: Have you used any of it yet?

The Witness: I think that the 14,000,000 will have been used up some time this month.

The Master: And you will need the additional?

The Witness: We figure we will need between three and four million gallons additional up to April 1st.

By Mr. Chambers:

Q. Was that 7 1/2 cents delivered?

A. Yes, sir.

The Master: Delivered, you mean?

The Witness: Yes, sir. 33254

The Master: Alongside, from the tank steamers direct?

The Witness: That would be the price that would substitute for the price of the regular contract.

The Master: It means from the tank steamers direct to your Everett tanks?

The Witness: Yes.

By Mr. Ransom:

Q. The price would be higher for barge delivery?

Mr. Chambers: I object, he has stated how it is to be delivered.

The Master: Objection overruled. 33255

Mr. Chambers: Exception.

The Master: If you wanted it for barge delivery alongside it would be higher, would it?

The Witness: Yes.

By Mr. O'Brien:

Q. Was this a written agreement or an oral understanding?

A. There was a verbal conversation, and they wrote a letter confirming it, and I wrote a letter acknowledging it.

The Master: But the original agreement was oral?

The Witness: Yes.

The Master: The letters were simply confirmatory of the agreement?

The Witness: Yes.

By Mr. Ransom:

Q. In 1919 did you buy about 3,000,000 gallons from the Gulf over and above the 14,000,000?

The Master: What do you mean by 1919? Let us get the record straight. You mean the

33257 oil year ending March 31, 1919, or do you mean since April 1, 1919?

Mr. Ransom: I mean the early part of the calendar year 1919.

The Master: Then that would be in the oil year of 1918?

Mr. Ransom: Yes.

A. In the oil year ending March 31, 1919, we had an excess of over 3 1/2 million gallons of oil delivered over and above the 14,000,000.

Q. What price did you pay for that if you recall?

A. 8 3/4 cents.

33258 The Master: Delivered where?

The Witness: Delivered alongside, in tank steamers.

Q. Has this oil been the Red River Crude or the Solar, or what they call Solar?

A. Some of it has been the Solar, some of it has been somewhat different from the Solar. They were unable or did not deliver Solar oil on all their amount of oil.

Q. What is this Red River Crude, a reduced crude?

A. I don't know.

Q. You never had any of it?

A. No.

Q. Now, during the present oil year, aside from what you have referred to, have you had to buy any oil in the market?

A. The only oil we have purchased this current oil year has been the arrangement we have made with the Gulf people for the excess at 7 1/2 cents, as stated before.

Q. You are not on a candle power basis in Boston, are you?

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial.

The Master: Objection overruled. 33260

Mr. O'Brien: Exception.

The Master: You may answer it.

A. No, sir; we are not.

Q. You are on what is called a British thermal unit basis?

A. Yes.

Q. How many British thermal units is your standard?

Mr. O'Brien: I make the same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

A. Our standard is that the test of gas shall show not less than 528 British thermal units. 33261

Mr. O'Brien: Just a minute. I don't understand your Honor, why we have to launch into this examination on cross-examination where just the contract has been offered in evidence.

Mr. Ransom: We are entitled to show the circumstances.

The Master: Go ahead.

Q. Do you even take regular candle power tests of your gas?

Mr. Chambers: I object to that as incompetent, irrelevant and immaterial.

33262 Dana D. Barnum, Cross.

The Master: Objection overruled.

Mr. Chambers: Exception. See what your Honor is doing, you are taking testimony here as to British thermal units—

The Master: As bearing upon a contract that you have put in evidence that you want me to take as bearing on the price of gas oil.

Mr. Chambers: The gravity of that is 32—

Mr. O'Brien: Do you want to vary the terms of the contract by the testimony of this witness? He says he was not with this company when that

33263 contract was made, he has been with them six months.

The Master: He has been with them during practically all the time it has been in operation.

Mr. O'Brien: It made in April, and he came there in November.

The Master: I think I know that.

Mr. Chambers: I am pointing out on the record to what great lengths we are going to show the requirements in Massachusetts. The gravity of this oil is stated in the contract.

The Master: I will let them show the conditions under which they buy their oil.

33264 Q. Did you answer the question?

A. I lost track of the question.

Q. Do you take tests of candle power at all?

The Witness: No, sir, not official tests.

Mr. O'Brien: What is it? Go ahead.

By Mr. Chambers:

Q. Do you take unofficial tests?

A. We have not taken candle power tests, I think, for a year; that is, by the photometric method.

Q. I show you a copy of a letter. Is that known to you to be a copy of a letter received by your com-

pany from Mr Nutty of the Gulf Refining Company?

A. Yes, sir.

Q. Is this a copy of a letter received by you and addressed to you by the Gulf Refining Company?

A. Yes, sir.

Mr. Ransom: I offer them in evidence.

Mr. Chambers: I just want to object to these as being incompetent, irrelevant and immaterial. I would like to examine them for a bit. Your Honor, of course your rulings are peculiar to me, because I called this witness solely for the 33266
purpose of identifying a signature, that is all, then I offered the contract in evidence. I might have offered the contract in evidence when he was not here. And then you permit counsel to cross-examine him, apparently from a lot of notes he has made and on matters on the requirements of the Massachusetts law on heating capacity, and the contents of the contract which I offered in evidence, and other new matters which were not brought out at all. The only question I asked the witness was the signature on the contract. It does not seem to me—

The Master: Any objection to these letters? 33267

Mr. Chambers: Yes.

Mr. O'Brien: We certainly do object to them, your Honor.

Mr. Chambers: Incompetent, irrelevant, immaterial.

The Master: The objections will be sustained.

Mr. Ransom: On the ground the originals are not produced.

The Master: No, they are not in evidence.

Mr. Ransom: I shall be obliged—you haven't the originals of these letters with you?

The Witness: No.

33268 Mr. Ransom: If counsel compels me, I will simply have to have Mr. Barnum come back with the originals.

The Master: I am not going to make any ruling on that. He can come back if you induce him to. I cannot.

Mr. Ransom: We can subpoena him.

The Master: I doubt it.

Mr. Ransom: I haven't any doubt about it.

The Master: He is more than a hundred miles away.

Mr. Ransom: He is here.

33269 Mr. O'Brien: Why not ask the Master to conduct the whole case for you?

The Master: You can't make him go up to Boston and get some originals and bring them back here by subpoena.

Mr. Ransom: If the objection is made that the originals are not produced, why, we will have to deal with it. Mr. Barnum, are these two letters the letters under which in the respective oil years your company got oil in excess of the fourteen million contract from the Gulf?

Mr. O'Brien: Objected to as incompetent, irrelevant and immaterial, as assuming a fact

33270 which is not proven in this case.

The Master: Objection overruled.

Mr. O'Brien: Exception.

The Witness: With the exception of that extra oil we bought of the Tidewater, yes.

Mr. Ransom: So far as the Gulf is concerned?

The Witness: Yes.

Mr. O'Brien: Just a minute. He didn't state anything yet about what he has received as from the amended contract, if we may call it, of December, 1919; they have not reached a point yet where they are going to use it yet.

The Master: Objection overruled.

Mr. O'Brien: Exception.

The Master: I understood the witness to say yes.

Mr. Ransom: Is objection made that the originals are not produced?

Mr. Chambers: Why, certainly, I object to them as incompetent for every purpose. You obliged me to send clear to Boston to prove the signature.

Mr. Ransom: I did not oblige you.

Mr. Chambers: Oh, no, you didn't. I tried to get you to consent, to save the expense. 33272

The Master: Do you want anything more from Mr. Barnum?

Mr. Chambers: No.

The Master: You are excused, Mr. Barnum.

Henry H. Edgerton, recalled:

Direct-examination by Mr. Chambers:

Q. Mr. Edgerton, in what detail did you look over the 14th Street property in 1905 and 1906?

Mr. Ransom: Objected to as immaterial. 33273

The Master: Objection sustained.

Mr. Chambers: You found fault the other day because I did not bring somebody here who knew about these things.

The Master: Yes, but I am not interested in 1905 and 1906.

Mr. Chambers: Yes, 1906, you are.

The Master: No. I am not interested at all in the condition of these plants in 1906.

The Witness: They are worse now.

Mr. Chambers: Oh, yes, you are.

The Master: No, I am not.

Mr. Chambers: Well, I want to offer the evidence. On the ground it is immaterial.

The Master: Yes.

Mr. Chambers: Exception.

Mr. Ransom: If the statement made by this over-eager witness was noted, I would like to have it physically stricken from the record.

Mr. Chambers: The statement made by whom?

Mr. Ransom: By this over-eager witness.

The Master: If it has been taken, I shall direct it to be stricken out.

33275 Mr. Chambers: I do not see anything over-eager about Mr. Edgerton so he can be criticised for it.

The Master: I don't see anything eager about you to ask another question.

Mr. Chambers: Well, I can't understand. I thought that your Honor wanted the condition of these plants from 1906 to 1918.

The Master: No.

Mr. Chambers: To see which ones of them you are going to put in the rate base.

The Master: No.

Mr. Chambers: And which ones of them you

33276 are not?

The Master: I don't care anything about the condition in 1906.

Q. Are you familiar with them at the present time, these two plants?

Mr. Ransom: Objected to.

The Master: Objection overruled.

A. Fourteenth Street—

Mr. Ransom: I have made an objection.

The Master: The objection is overruled.

Mr. Ransom: Well, I thought that—I do not want to do anything unkindly, but if counsel presses that question as to the present time of

this witness, I think I ought to, in justice to my client, cross-examine him preliminarily.

The Master: Let us hear the question.

(The question was read by the stenographer.)

The Master: The witness has not answered yet. I will let him state if he is familiar.

The Witness: I started to make an examination, I examined around the Fourteenth Street plant, and I found that what I had left out in 1905 I was confirmed in that—the buildings were not resting upon piles at all.

Mr. Ransom: I move to strike out the answer, he has not been asked for anything like that. 33278

The Master: The motion is granted.

Mr. Ransom: Strike it out physically.

The Master: Are you familiar with the Fourteenth Street plant now?

The Witness: I was examining, going into it, but I have been in this court room here all the time, almost, up to the present time, and I am now examining the plants and the books.

The Master: I am not interested in what you are doing, Mr. Edgerton. I am trying to get an answer to the question. Are you familiar with the condition of the Fourteenth Street plant now? 33279

The Witness: I am familiar with the condition of the buildings, yes.

The Master: All right, next question.

Q. Now, I asked you what examination you made of that plant in 1906—

Mr. Chambers: That you would not allow?

The Master: That I won't allow.

Mr. O'Brien: On that point, your Honor, will you hear me a minute? The question as to what property was used and useful in 1906 is in

33280

this case. There has been money spent on these plants since that time. This property at the Fourteenth Street and Forty-second Street plants is a factor in the case to the extent that they have urged it as part of the base upon which the fair return must be computed. They are also factors in the case because of the money that has been spent to maintain them. That figures in exhibits already put in by the complainant. They are factors. They are factors for the expense that has been gone to paying for insurance and paying for taxes during all

33281

of these intervening years. The allegations of the complaint, over and above what proof has been offered by the complainant, brings these two plants into this case, and therefore it is certainly admissible to ask this witness what examinations of these plants he made in 1906, what he found, what part they played, if any, in the necessary reasonably economic operations of the plants of the complainant company at that time, and during the succeeding years, and I think that even though your Honor may rule that there is no proof of going value and that the allegations that the statute was confiscatory from the

33282

time it was put upon the statute books are not being pressed by the complainant because of the statement that he made a few days ago that he was not claiming going value, that nevertheless that allegation is still in the complaint, the complaint stands as it was when it was served upon the defendants, and we have a right, in the face of the record of this case and the allegations in the complaint and the facts as they stand and as they were in 1906 and succeeding years, to examine this witness as to what he knows about these plants in 1906.

33283

The Master: My ruling will stand.

Mr. O'Brien: But I note an exception to your Honor's ruling. I would like to submit a memorandum to you on the subject. It is a very important matter, and the ruling that you made when Mr. Hine was on the stand seemed to be based upon the proposition that Mr. Hine was not present and had not observed and did not see the plants at that time. Now, we have a witness here who examined them thoroughly, who testified as to their condition in the old case. We have here a witness in the flesh, alive and with a brain and with a capacity to testify in 33284
this case upon the matters concerning which you have received into this record the testimony of two dead men. Your Honor will be positively inconsistent if that testimony of Mayer and the testimony of Mr. Simpson is going to remain in this record.

The Master: I am going to take care of Mr. Mayer's testimony and Mr. Simpson's testimony when I decide this case. Just now this ruling will stand.

Mr. Chambers: You mean you won't take any values on the rate base, or what we say is the fair value of the company's property upon which 33285
they are entitled to a return for 1906, 1907, 1908, 1909, 1910, 1911, 1912, 1913, 1914, 1915, 1916 and 1917?

The Master: I haven't said anything of the sort. I say I won't take Mr. Edgerton's testimony as to what the condition of the plants were in 1906.

Mr. Chambers: Will you let him state what examination he made of the plants then?

The Master: No.

Mr. Chambers: You won't let him tell anything about the company's property in 1906?

The Master: No.

Mr. Chambers: Will you state why?

The Master: Because I do not think it is material.

Mr. Chambers: That is the only ground?

The Master: Yes.

Mr. Chambers: I can't see why it isn't material.

The Master: I can't see why it is that is the trouble.

Mr. O'Brien: Will your Honor indicate on the record now that—

33287 The Master (interrupting): I won't indicate anything more, Mr. O'Brien. I have made my ruling, and said all I am going to say about it. Next question.

Mr Chambers: I take an exception, and I suggest you take so much of the testimony as will indicate to the Appellate Court what the nature of it was.

The Master: No.

Mr. Chambers: Exception. That you won't do? The Master says no—he did not say no, but he shook his head. That is, if I ask a good

33288 many questions here, your ruling will be the same?

The Master: Certainly, on that same line. Of course it will.

Q. Do you know what gas making machinery they had in these plants in 1906 and 1907?

Mr. Ransom: Objected to as immaterial and incompetent.

The Master: Same ruling.

Q. Both of the plants?

Mr. Ransom: Same objection.

The Master: Same ruling.

Q. And from 1906 on down, have you kept in touch with those plants?

Mr. Ransom: Objected to as incompetent.

The Master. Same ruling.

Mr. O'Brien: Well, your Honor, can't you see that where you have received the Teele exhibits indicating expenditures on these plants, the payment of money to keep them up and run them, and the payment of insurance, that it is a vital thing in this case whether or not they were necessary plants at that time in 1906?

The Master: You are simply repeating an argument you made a few minutes ago. 33290

Mr. O'Brien: I am trying to emphasize it, your Honor.

The Master: There is no sense emphasizing it. I won't take this line of proof.

Mr. Chambers: Why not end our misery and agony and tell us you won't allow us to put any more proof in? You might just about as well do that.

The Master: You know better than that.

Mr. Chambers: No. I want to show our figures for the property used and useful for this company from 1906 down to the present time on which they are entitled to a return, so I can show to the Court what return they have enjoyed. 33291

The Master: Go ahead.

Mr. Chambers (continuing): On what we say is the fair value of their property during those years.

The Master: Proceed.

Mr. Chambers: But your Honor won't let me show that by a witness who knows the phases of it, nor by another gas engineer, because he

33292 did not know about it; and then I call a man who knows about it, and you won't let me show that. I confess I don't know how to do it. So then I suggested that you not try to keep me here endeavoring to show something that I do not know how to show nor what you will take, nor what your views are. The rule of law obliges you to advise me, so that I might take a new tack perhaps, and bring other proof here that would satisfy you.

The Master: Well, then, I would suggest that you get right down to the year 1918.

33293 Mr. Chambers: Well, we want to show —

The Master (interrupting): And get right down to the cost of manufacturing and delivering gas.

Mr. Chambers: Well, that is another question. We appreciate that.

The Master: You are asking me what you ought to do, and I am telling you.

Mr. Chambers: I am not asking you what I ought to do. I am asking you what proof you will take on the fair value of the property invested in the gas business in those years.

The Master: Let us see if I can make my position clear.

33294 Mr. Chambers: Yes.

The Master: I am not going to take any proof of any kind as to the condition of these plants, or whether certain properties were used or useful during the years 1916 to December 31, 1917, at all.

Mr. Chambers: You said 1916.

The Master: And 1917.

Mr. Chambers: Yes, but your first figure you said 1916.

The Master: 1906.

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Mr. Chambers: You said 1916.

The Master: From the time this rate became effective, which I understand was May, 1906, until December 31, 1917, I am not going to take any further proof as to the condition of the plants, as to their value during any of those periods, or as to whether they were used or useful, or what portion of them were used or useful during that period.

Mr. Chambers: No matter how competent the proof may be?

The Master: No.

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Mr. Chambers: Nor whom I bring to show it?

The Master: Precisely.

Mr. Chambers: And no matter if I showed it under the correct rules of law?

The Master: Yes.

Mr. Chambers: On the ground it is all immaterial?

The Master: Yes.

Mr. Chambers: You are not going to take in this case then, you are not going to allow to show in this case whether they enjoyed a fair return during those years?

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The Master: Yes, I have so far as I am going to.

Mr. Chambers: How are you going to let us show that, if we cannot show the value of their property—

The Master: The complainant makes no claim that they have not been getting a fair return and will ask for no finding—

Mr. Chambers: Your Honor, you do not mean that really in good faith? Do you?

The Master: Certainly I do. The complainant—

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Mr. Chambers: I say, is there any better evidence of their claim than the sworn complaint which still stands unamended and upon which we prepared our case?

The Master: They have withdrawn that.

Mr. Chambers: No, excuse me, they have not, and it is objected to and they cannot withdraw that practically at the end of our case.

The Master: All right now, I am telling you what I am going to do.

Mr. Chambers: I have not heard them withdraw it. Maybe the Master in your mind wants to withdraw it, that is a different question but

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I am not going to permit on behalf of the half million I represent them to undertake to raise an issue and then when we are ready to offer proof and spent thousands of dollars in preparation of it to withdraw it.

The Master: I have stated by views about it and I have stated the theory on which I am ruling and I cannot do any more.

Mr. Chambers: I understood when you took Mr. Teele's tables here on operating expense and distribution from 1906 to date all that remains in the case to show what income they made

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in Teele's exhibit.

The Master: I cannot do any more than give you a square ruling, can I?

Mr. Chambers: I know, but you change your front so, you change your rulings so many times.

The Master: That may be. As I get more light on the situation I change it.

Mr. Chambers: And lead us off on different tracks and we prepare a case along certain lines that certainly I do not think of any lawyer except perhaps Judge Ransom that could follow

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that method of presenting this case. Maybe he can.

Mr. O'Brien: The day that the Master was appointed we asked for particulars, a bill of particulars as to these years and these operating expenses for these years and I called the Court's attention at that time to the allegations in the complaint that set at issue the operating results, revenues and so on of the years 1906 to date. It is well to have it understood here that they set up these claims and that they put us to the trouble and expense of making necessary examinations to meet the case as presented in their 33302
complaint and in the proofs they have subsequently offered. It simply meant volumes of work, it meant untold time and energy, your Honor, to be set about that work and prepare for this case and I submit in view of the fact, if for no other reason, that you have repeatedly referred to the decision of the United States Supreme Court and have declared you were going to base your findings here in part upon what they have held in that case that we ought to have in this record here the testimony that we now offer.

The Master: I won't take it. 33303

Mr. O'Brien: Then of course we except to it and trust that your Honor will go into the matter with some deliberation and give us then a revised decision in regard to the matter, because we have gone to a great deal of trouble and expense in order to meet this situation and we are proceeding with proof along those lines. And it is certainly upsetting to be told at this date, this eleventh hour, that a whole big branch of the case which we have spent so much money

33304 and put in so much work on is going to be eliminated. Of course I am surprised at the ruling of the Court and I have relied somewhat on your faith in Judge Cardozo's decision in which he said all the returns the company had enjoyed in previous years is competent evidence and the weight that should be given to it is for the Trial Court. You are shutting all that out even though the complainant has raised the issue, in other words, you are shutting out all our defense. We might as well put on our hats and coats and go home.

33305 The Master: I have not done anything of the sort.

Mr. Chambers: What defense have we left?

The Master: You can show me if you can that this, that and the other plant were not needed or not used or usable in making that gas beginning January 1, 1918, not needed, used or usable now, that they pay too much for their oil, they pay too much for their coal, that they use too much labor that it does not cost any such sum as they say to make gas.

Mr. Chambers: That limits the case to 1918, an abnormal year, does not give us a chance to

33306 show what returns they have enjoyed in previous years or anything else.

The Master: I have told you over and over again.

Mr. Chambers: Will you make the ruling now [illegible] will not hear any evidence except for the year 1918, and I can save some money to the State.

The Master: I have said all I can say about it.

Mr. Chambers: I think counsel is entitled to know when they are presenting a case.

The Master: I have been trying to tell you.

Mr. Chambers: I have outlined my theory every time you have asked me in the defense of this case since last July and now on January 22nd you practically, the substance of it is, put me out of court on the defense I was going to present.

By Mr. Chambers:

Q. Was the 42nd Street and 14th Street plant needed in the making of gas for 1918?

Mr. Ransom: Objected to.

The Master: Objection sustained, not a proper 33308
question.

Mr. Chambers: Your Honor will not let me show that?

The Master: Oh, yes, you ask him a proper hypothetical question and I will let you ask him, but I have to have the basis of his opinion. You agreed with me when Mr. Hine was on the stand that the proper way to ask for to frame a hypothetical question.

Mr. Chambers: That was because he had not seen the property in some prior years.

The Master: You ask Mr. Edgerton a proper hypothetical question that you know how to 33309
frame as well as I do and give the elements upon which you ask his opinion and I will let you ask him.

Mr. Chambers: I will ask one or two more questions. I withdraw that.

Q. Now, Mr. Edgerton, was the 14th Street plant —are you able to state whether the 14th Street plant was equipped with modern and efficient gas making equipment in 1906?

Mr. Ransom: Objected to.

The Master: Sustained.

33310 Henry H. Edgerton, Direct.

Q. 1907?

Mr. Ransom: Objected to.

The Master: Same ruling.

Mr. Chambers: Exception.

Q. 1908?

The Master: Same ruling. During all the years down to December 31, 1917.

Mr. Chambers: Exception.

Q. You are able to state whether the 42nd Street plant was equipped with modern and efficient labor saving devices?

33311 The Master: In what year?

Q. The 14th Street plant?

The Master: What year?

Mr. Chambers: 1906.

The Master: I make the same ruling for 1906 to 1917, inclusive.

Mr. Chambers: Exception to both rulings.

Q. Are you able to state whether the 42nd Street plant was equipped in 1906 with modern and efficient gas making machinery and equipment?

The Master: The same ruling for 1906 to 1917, inclusive.

Mr. Chambers: Exception.

33312 Q. Are you able to say whether the 42nd Street plant was equipped with modern and efficient gas making machinery in 1906?

The Master: Same ruling for 1906 to 1917, inclusive.

Mr. Chambers: Exception.

The Master: I will let you ask Mr. Edgerton in the light of the testimony as given how he could make gas and how much it would cost him to make it.

Mr. Ransom: I want to cross-examine him somewhat.

The Master: I would not let you. On Mr. Edgerton's statement and on his experience, if Mr. Chambers wants to ask him how much he can make gas for.

Mr. Chambers: I did not call him for that. You are a little ahead of the story.

Mr. Ransom: He has not had anything to do with the making of gas within the lifetime of most of us present.

The Master: That is not his fault that he is older than you or I.

Mr. Ransom: Well, the gas making industry 33314
has changed several times since he was in the game.

The Master: That is all right.

Q. Was the 42nd Street plant as it existed in the year 1906—are you able to say whether the 42nd Street plant as it existed in 1906 was equipped with efficient labor saving devices such as were in existence at that time?

The Master: The same ruling from 1906 to 1917.

Mr. Chambers: Exception.

Q. Were you acquainted with labor saving devices, efficient labor saving devices, in 1906? 33315

The Master: Same ruling 1906 to 1917.

Mr. Chambers: Exception.

Q. Were you acquainted and familiar with modern and efficient gas making equipment in 1906?

The Master: Same ruling.

Mr. Chambers: Exception.

The Master: Any cross at this time?

Mr. Ransom: Not at this time.

The Master: Judge Ransom, Mr. Edgerton just made the statement to me that he has been looking for some pressure sheets or charts and

has been unable to obtain them. Will you see that he get what he wants?

Mr. Ransom: Anything that there is will be made available to him.

Mr. O'Brien: When?

The Master: This afternoon.

Mr. Ransom: Immediately.

The Master: What plant are you looking for?

The Witness: It is not plant, it is the distribution.

The Master: Where would that be?

33317 The Witness: Well, I asked for the distribution charts.

The Master: Where would you say they ought to be found?

Mr. Ransom: I may say that Mr. Edgerton—

Mr. O'Brien: Just a minute.

The Witness: I have been asking Mr. Davidson there, I have asked for charts for December, 1918 and 1919.

The Master: Where would you say they ought to be kept. Where would you expect to find them?

The Witness: 15th Street office, of course.

33318 The Master: At the general office?

The Witness: Yes.

Mr. Ransom: May I just clear that up for a moment?

Mr. O'Brien: No, just let this man answer now without interrupting him.

By the Master:

Q. Where would you say they ought to be kept: where would you expect to find them?

A. In the 15th Street office, of course.

Q. At the general office?

A. At the general office.

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The Master: What have you got to say about it?

Mr. Ransom: Mr. Davidson just informed me that the request was made for these charts two days ago, and probably they have already been laid out for Mr. Edgerton, if he goes back up there. If they have not already been, they will this afternoon.

The Master (to witness): You go up there this afternoon.

The Witness: I will go right there. It is longer than two days, though.

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Mr. O'Brien: When was it you asked for them, Mr. Edgerton?

The Witness: About five days ago.

The Master: About five days ago; all right. It is quite apparent that he asked for them very recently.

Mr. Ransom: Fortunately we have documentary evidence of these requests.

The Master: Anything else?

Mr. Chambers: I have not anything more to offer this morning.

The Master: Mr. O'Brien?

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Mr. Chambers: I have other testimony that I would like to make the record on.

Mr. O'Brien: At two o'clock I have a witness coming.

The Master: How long will he take?

Mr. O'Brien: Not very long.

The Master: What am I going to do the rest of the day?

Mr. O'Brien: I understand your cross-examination set for this morning was put over to this afternoon?

Mr. Ransom: It was set for this afternoon and will take a very few minutes this afternoon.

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The Master: It is only three or four minutes past twelve and I have not anything further to go ahead with. You have not anything, either, Major Clark?

Mr. Clark: No, sir.

The Master: When are we going to get to the end of this? I thought I was going to have enough from Thursday morning to keep me fully occupied.

Mr. O'Brien: It was on Tuesday that you set the examination of two witnesses down for Thursday.

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The Master: Colonel Hayward told me—and I think Mr. Chambers agreed with him—that beginning Thursday morning they would have their matters in shape to proceed without interruption.

Mr. Ransom: Various adjournments were granted on that basis.

Mr. Clark: The Master ruled out a great deal of our proof.

Mr. Chambers: How can I keep you going when you rule it out? All I can do is offer some more, and then you rule that out. You have ruled out squarely my defense; and while I am

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disappointed, still there is no use of arguing about it. I will have to take my chances somewhere else.

The Master: How have I ruled out your defense? I have ruled out some proof.

Mr. Chambers: No, you stated you would not take any proof on what is my defense in this case, and I think my associates, Mr. O'Brien, Mr. Hayward and Mr. Clark, agree with me. We have a defense, a good defense on the merits, as the issues are laid down in the complaint

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and as laid down by Judge Cardozo; also as laid down in all the rate cases. Of course, if I cannot present it, I cannot, that is all. We have sent money on it, but if you won't let me do it, that is an end of it, and I am lawyer enough to be content with it; swallow my disappointment and go where I think the Court will hear me.

Of course, it will be heard later; but I am sorry that you won't take it, because we have spent so much upon it. It means paying out the money of the people unnecessarily; because, if you take it, the District Court or whoever hears this would then be able to cover the whole ground if they did not agree with you on the law. 33326

But you won't take it; you won't take the proof. So I am satisfied. I won't have such a lot more to offer now—just enough so that I get your ruling that you won't admit it.

I would be glad to state what defense I had to the complaint and how I planned it, what I had to offer, and how soon it would be ready, and all that. I am at a point now where I could tell you all that; but you surprise me, disappoint me, and so on, to the great satisfaction of the complainant.

The Master: How can you be either surprised or disappointed when I have time and again announced that I am going to make a record here that will give you squarely the question of law as to what is to be considered—assuming that they had a fair return down to December 31st, 1917; assuming that the record shows that beginning January 1st, 1918, they were not getting a fair return, and assuming a finding that that condition now existed and will continue indefinitely, that they are entitled to relief. I have tried to make that clear. 33327

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Mr. Chambers: That is only one phase of the case. That issue we are going to meet—we were going to. That is not the real issue in the case, in my judgment. I may be all wrong. Like yourself, I am willing to go to trial upon the theory that I think is correct and I am willing to stick to it. If you are not willing to take any proof, why—

The Master: I will not take any proof as to the condition of the plants from 1906 to 1917, or as to whether any particular piece of property was used or useful during that period.

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Mr. Chambers: How are you going to determine the fair value of the property, then?

Mr. Clark: How can you make your rate base for those years?

The Master: What?

Mr. Clark: How can you make your rate base for those years? The difficulty seems to me to be that you are not the final judge of the facts.

The Master: I think I am.

Mr. Chambers: Oh, no, the order appointing you says not.

The Master: What does it say?

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Mr. Chambers: You are only to hear and report, not to determine anything. Judge Mayer drew it right in front of us. The order said that you were to take the testimony and give your opinion on it.

Mr. Clark: Of course a Judge might take the testimony and find differently than you find.

Mr. Chambers: Well, we will simply have to ask when we get to the District Court that the District Court hear our proof. That is what I have in mind; I do not mind saying it now. If we cannot have it here perhaps the District Court will hear what we have got.

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Mr. Clark: I think we ought to be allowed to present it to the District Court through this record.

The Master: No, I understand I have the power to direct the order of proof and the character of proof.

Mr. Clark: There is no question about that, but the District Court has a right to find otherwise.

The Master: I am sustaining Judge Ransom's objection to the proof offered and shall adhere to that ruling unless Judge Ransom withdraws his objection.

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Mr. O'Brien: Your Honor, can't you see the way that the public has been put to a tremendous expense; can't you see the allegations of the complaint?

The Master: Yes, I can see that.

Mr. O'Brien: Can't you see the way Mr. Ransom put in his proof?

The Master: I can see that.

Mr. O'Brien: Can't you see that you yourself received schedules prepared by Mr. Teele, showing the profits or the alleged revenues of the years from 1906 on? Can't you see that the Teele exhibits brought in expenditures during all that time, for operating and maintaining the plants? Can't you see that in the case here you, on top of that testimony, spent days on, and there are volumes of record here given over to the testimony of three dead men whose testimony has been brought in here on the value and condition of the plant at the time they examined it for testimony in the other case; and that the public, through the Attorney-General, and the Public Service Commission, and the District At-

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torney, as represented by our humble selves here in this case, have been put to all this trouble and all this expense, to be told by you within the last week that you have got a different theory of the case and that you are not going to allow this testimony in?

Now, I will applaud any Judge who will admit a change of his mind, no matter what the cause may be, but where there is a record going up on appeal or where the Court may find enough in the record to make a ruling, to find that it has been abortive, I think it is the proper thing to

33335 take the testimony. Say that you will reject it, but take afterwards a motion to strike out, still leaving it in the record for the Court on appeal, which may perhaps determine that it is or is not important in the case.

I think for safety's sake it ought to be in there. For the saving of money here and in future litigation this testimony ought to be received.

The Master: Mr. O'Brien, I am not at all concerned with the safety of this case.

Mr. O'Brien: Your Honor, perhaps you misunderstood me, if the word was not happily ex-

33336 pressed. What I mean is this: The Court on appeal ought to be given the benefit of these facts so that they may elucidate the situation, if they see fit to do different from your Honor, and lay down some principles that may guide the next master who hears this case.

The Master: All right. Now, Judge Ransom has objected to this proof offered through Mr. Edgerton. I have sustained that objection. I have sustained it for the reasons I have given, because in my opinio n it is not material or relevant to this case what the condition of these

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plants was, or as to whether they were used or useful, from the period May 1st, 1906, to December 31st, 1917.

Mr. O'Brien: Will your Honor state at this time that you are ruling out the testimony of Mayer and Simpson?

The Master: I will say that as I recall the testimony of Mayer and Simpson it was expert testimony as to the value of these plants in 1905 and 1906.

Mr. O'Brien: Oh, it had to do with the fact whether they were used or useful and necessary plants, and what their condition was, and the 33338
operating results. It is testimony of just the same kind that we have offered and you have ruled out.

The Master: To be consistent with my ruling I shall have to disregard that.

Mr. O'Brien: Their whole testimony?

The Master: Yes, if that is all their whole testimony is. I have not read it yet.

Mr. Clark: Your Honor, it seems to me that the difficulty of this danger-to-the-case proposition is this: You have already indicated that you are going to rule on 1918, in which year for the purposes of argument we will concede 33339
that the complainant will be successful and get his relief. The District Judge, not having the facts that we want to present to him as to the other years, will not find any differently than you find, and then the law will be changed and the people will be paying a dollar or a dollar and a quarter, and it will be perhaps three years later before the people will get any relief from your finding.

The Master: I cannot help that; I am going to find what the law requires me to find.

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Mr. Clark: I do not see how the testimony of these past years could have been competent for the complainant.

The Master: I should never have drawn the the complaint in the form that it has been drawn, in the light of the information I have gotten in this case; and perhaps counsel would not have drawn the complaint in the way they have drawn it in the light of the developments in this case.

Mr. Clark: But they have done it, they have stood upon it, and they have offered proof on it.

33341 They have put their rate base in and we are not allowed to attack it.

The Master: Quite right. If I were disposed at all to accept any proof on their part as to rate base—

Mr. Clark: But it is in the evidence.

The Master: But I am telling you now that as the result of hearing all this evidence I have concluded, and I am quite clear, that that material does not enter into this case at all as to whether the plants were used or useful. In my theory of the case the complainant had a right to allege that they had purchased in 1884 certain gas properties, the fair value of which at that time was

33342 $30,000,000 more or less; that they had operated those gas plants from that day to this, furnishing the people of the City of New York with the gas that they needed; that from that time on they had expended a certain amount on these plants and had withdrawn certain plants from service; that their investment in these plants from year to year was so much; that the result of their operating revenue was so much each year—and that I have permitted them to show, and that I have permitted you to show. I have permitted

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your witnesses to show that certain items ought to be deducted from their operating results.

Mr. Clark: In each year.

The Master: In each year. I am going to let you show that. I am not going into the question as to whether certain plants were used or useful; I am going to take the plants as they were and as they have been continued, as an investment of this company, in the light of the operating results, as the facts will show when the net operating results are in.

Mr. Clark: You have considered all the operating results of those years.

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The Master: I have. I have consistently and and studiously insisted that I will not take proof as to the condition of the plants, as to whether they were used or useful, and I have limited my ruling to that. I am going to continue to receive proof by the defendants, if offered, that during the year they charged more in taxes, or interest on taxes, or for services of general officers, or any other item, showing that their operating results were better than they indicate them. Now, that being so—

Mr. O'Brien: From 1906 to 1917?

The Master: Certainly.

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Mr. O'Brien: You are going to receive some operating results from 1906 to 1917?

The Master: Certainly. I have been receiving them right along: I have not ruled you out on that.

Mr. O'Brien: You ruled it out of the reports here today, the Marwick-Mitchell report, the Operating Results.

The Master: Yes, I ruled that out for an entirely different reasons. What I am trying to do is to make clear to you men the theory on which

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I am going to decide this case. It seems quite clear to me that the Consolidated Gas Company, for instance on the question of interest on taxes, cannot eat their cake and have it too. Neither can the defendants. If the complainant's argument is, "Well, we succeeded in testing some of these taxes, it would have been foolish for us to pay these taxes before contest; and during the time we had them under contest we had to pay interest on the amount ultimately to be paid, but we saved the company a dollar or $100,000 or $1,000,000 by doing that," why, surely they cannot charge in operating the full amount of the

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tax levied plus interest; they must either take the net amount, and if so, they probably are entitled to interest; or, if they are to charge the amount originally assessed, then they would not be entitled to it.

I have been anticipating some of these questions I have got to rule on. You said they paid too much for general officers and that these general officers do other work than work exclusively in the gas business. I have anticipated I may have to make some ruling on that. You say, for instance, for 1918 there was $100,000 for defensive emergency. I have indicated that I do

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not think that is fair to be considered as to what ordinarily it cost them to make gas.

Down to December 31, 1917, to make my theory clear and how my mind is working, I am going to take their actual investment. I am not going to be concerned with whether it was good judgment or bad judgment to operate one or more of these plants; I am going to take their operating revenue. As I understand Judge Ransom, he will not insist on a finding that they have not had a fair return during the previous years, and my

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impression is their return was fully fair during those years. That brings us down to January 1, 1918, and conditions have changed entirely.

Mr. Clark: Your position is that you will not allow us to attack the rate base, you will take the rate base established by them on your theory?

The Master: I am going to take the investment in these properties.

Mr. Clark: The investment in these properties as established by them or by us—with the additions as established by them, regardless of whether they are used or useful or not? You won't allow us to attack that rate base?

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The Master: I am not going in this case to decide that they should have discontinued some plant seven years ago, or that fourteen feet of land ought not to have been used at some time. I won't do it. I do not think it is necessary for this case; because I think, after all, there won't be and cannot be evidence which would justify a finding that they did not get a fair return down to December 31st, 1917.

Mr. Clark: We are entitled to a run for our money, your Honor.

The Master: What?

Mr. Clark: We are entitled to a run for our money.

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The Master: You are, yes. So far as what may happen after I have made my decision is concerned, I have no interest.

Mr. Clark: You do have an interest, because you say it is all up to the complainant, but it is not entirely up to the complainant, the burden will fall on the consumers and not on the complainant.

The Master: Oh, no.

Mr. Clark: Oh, yes.

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The Master: This complainant company has evidently gone to a very large and tremendous expense in instituting this action. If by the objections interposed by counsel for the Gas Company, sustained by me, this case has been disposed of on a wrong theory and error has been made, the Master has simply performed his duty as he sees it. If the record is wrong the burden is on the Gas Company.

Mr. Clark: And they would get the higher rate just the same.

Mr. Chambers: We will lose all the money we have spent and have a new trial, all over again.

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Mr. Clark: The people will pay twenty-five or thirty per cent more for the gas.

Mr. Chambers: If it did not fall on the consumers who cannot afford to pay the burden, I would not urge it so strongly.

The Master: I mean if the finding is abortive; if the judge reviewing my findings said that I should have taken other proof or should have excluded some.

Mr. Clark: Could you guarantee that the District Court would put the money in escrow, as they did before?

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The Master: I do not know what the District Court is going to do. The District Court has referred this matter to me to thresh out, and find the fact.

Mr. Clark: But the District Court has to pass on the facts, too.

Mr. Chambers: On the issues laid down by the complaint you are supposed to take proof.

The Master: I cannot say any more about it, can I?

Mr. Clark: I think the District Court ought to have a right to review the facts whether this

33355

property is used or useful, because it is one of the most vital points in this case, for the whole period.

The Master: No, my judgment is that when this case is decided it has got to turn on the present condition—it has got to turn on that.

Mr. Clark: That is not what every judge may think.

The Master: Then if I am wrong about it it will have to be referred back.

Mr. Clark: In the meanwhile the people will be paying more for the gas.

The Master: That is one of the results of having an inefficient Master, that is all. 33356

Mr. Clark: That is not fair to the people.

Mr. O'Brien: Didn't take all the burden, counsel for complainant has part of the burden.

The Master: Is there anything you want to say about what I have said, Judge Ransom?

Mr. Ransom: I think not, except that I do want this case to go ahead, and this idea of putting in a few hours a day is very distressing.

The Master: Well, I can't control it.

Mr. Ransom: Evidently not.

The Master: Mr. Chambers, in substance says to me, "I have prepared a lot of proof as to the condition of these plants for the eleven years you have ruled out, as to whether they were used or useful, and whether they were up to date, which would have taken some days to put in, and you have bowled me out on that, and I will not need those days." 33357

Mr. Ransom: What about the question of the cost of manufacturing and distributing gas?

Mr. Chambers: We are coming to that, and will cover it.

Mr. Ransom: I have been listening to that.

33358 Nathaniel Silverman, Cross.

The Master: And I have no doubt they will have additional tables or data indicating where they think deductions should be made during the years for interest and taxes, and for other things.

Mr. Clark: I do not think it lies in Mr. Ransom's mouth to complain. The Master has just saved about four days on this trial.

Mr. Chambers: He has probably saved more than that, probably weeks.

33359 Recess.

Afternoon session.

NATHANIEL SILVERMAN recalled:

CROSS-EXAMINATION BY MR. RANSOM:

Mr. O'Brien: Judge, will you let me make a statement apropos of the discussion which we had at the close of this morning's session?

The Master: No, I won't take it now.

Mr. O'Brien: Your Honor—

33360 The Master: No, we will have to wait until we get through with Mr. Silverman. I won't take any statement.

Q. You have all your papers here from which you made up Defendants' Exhibit AA241?

A. I believe they are all here.

Q. Which you call book cost of real estate, land, 1884 to 1918?

A. Yes, I believe all those papers are here with me now.

Q. What you intend to show is the book cost of land during those times?

A. I merely showed the items as I found them in the account.

Q. Relating to land?

A. Well, not particularly to land; any items that may have been found in the account that I examined.

Q. Do those figures include land and buildings or improvements, or merely land?

A. They include other items than land.

Q. You are clear about that?

A. Yes.

Q. But you treated those as in the real estate account as though from the beginning? 33362

A. Yes, sir.

Q. Now, can you say whether the real estate account which you show in your Table No. 8 does contain any buildings or improvements with the costs thereof?

A. If any buildings or improvements are included, they are shown by the supporting tables.

Q. Turn to your Table 8, which is specifically—that is a summary of the real estate accounts by years—well, let me ask you about Table 59 of this exhibit, which is entitled "Fixed Capital December 31, 1908, Real Estate, 1906 to 1918," showing in somewhat similar form the debits and credits and the balances as of the beginning and end of each year from 1906 to 1918, based on the fixed capital account as of December 31, 1908. Does that table contain, if you know, the cost of any buildings or other improvements upon the land? 33363

Mr. Chambers: Which table is that?

Mr. Ransom: 59.

A. Any items pertaining to buildings or improvements, if included in the amounts shown on Table 59 are shown on the supporting tables.

Q. Do you or do you not—are you able to say whether or not there is the cost of buildings and improvements in there?

A. I could say by examining the supporting tables.

Q. Will you do that and say?

A. Yes. On Table 61, from October 13 to December, 1906, I find $337 70 charged to real estate account for new wagon shed. Under date of December 5, 1906, on the same table is an item of $174 for new basin, and then from May to December, 1907, the table shows an amount of $20,204 62 for alterations and

33365 additions.

Q. Is there any place in your table where you have differentiated between the cost of land and the cost of buildings and improvements on the land?

A. I believe I have shown in some of these tables the items for purchases and in most cases I cannot tell offhand now whether they include buildings or not. I can by taking up the specific items, I believe.

Q. But your general tables, which are Tables 8, 9, 59, and so on, do include some items of cost of buildings and improvements?

Mr. Chambers: I object to that, that is a question for the Court, or somebody else to determine.

33366 The Master: I do not think so.

Mr. Ransom: I am asking him what he did.

The Master: Overruled.

Mr. Chambers: Exception.

The Witness: If any buildings or improvements are shown on any of the supporting tables similar to these tables when they are included in those similar tables.

Q. You did this work yourself, I take it?

A. Yes.

Q. You checked it as to accuracy?

A. Yes.

Q. Table 10, Items 13 and 14 in relation to East 17th Street yard and 18th Street station; those are properties on the opposite sides of Manhattan Island, are they not? One was West 18th and the other East 17th?

A. I am not familiar with the exact location of these properties.

Q. Details of those items are shown in Tables 23 and 24 of your exhibit?

A. Table 23 shows detail of Item 13, and 24 shows detail of Item 14.

Q. I call your attention to page 2 of folio 2 of 1905 33368
Operating Ledger item of expenditure which you put down here as of September 26, 1905, for the 18th Street station, and ask you whether you think you have correctly shown the property with which that is identified? Carroll Brothers Lumber Company, new fence, East 18th Street?

A. According to the book record it shows East 18th Street, 820.

Q. That has not anything to do with East 18th Street station?

Mr. Chambers: I object to that. He said he did not know where they were located.

The Master: I will let the witness state whether 33369
he knows whether that is the 18th Street station.

The Witness: I do not know the exact boundaries of the 18th Street station, but I do not think according to that, that this particular item is the 18th Street station.

Q. These vouchers which you put down one for East 17th Street yard and the other for the East 18th Street and another for the 18th Street station really relate to the same parcels of property and the same fence?

A. Repeat that question, please.

Q. These two which you put down one for East 17th Street yard and the other for the 18th Street station, really relate to the same property and to the same fence, and do not relate to the 18th Street station at all?

A. Which item do you refer to with respect to East 17th Street?

Q. This item April 6, 1905, new fence which you put down as to East 17th Street yard?

A. I do not know whether the item under date of September 26, 1905, for $20 and shown under the 18th Street station relates to the same property as
33371 the item shown under the East 17th Street yard under date of April 6, 1905 for $9.

Q. But you are clear neither of them relates to East 18th Street?

A. I am not sure whether the $20 item does or does not relate to the 18th Street station.

Q. But the book entry shows it relates to East 18th Street and not the 18th Street station property?

A. It shows this small item $20 relates to East 18th Street.

Q. I call your attention to Table 10, Items 20 and 42; that is the item as to the 21st Street station, a credit item of $2,157.57 and Item No. 42, 175 to 177
33372 East 114th Street, credit of $252.29, the details of those are shown in Tables 30 and 52.

Mr. Clark: If your Honor please, I ask Judge Ransom whether he needs these Public Service Commission reports this afternoon.

Mr. Ransom: I shall not have any witnesses that I am going to cross-examine that I know of now. I had hoped that the defendants would put on witnesses in connection with whose presence I would need them. If the defendants will state what other witnesses they expect to put on this

afternoon I will state whether I need those reports this afternoon.

Q. Tables 30 and 52 show the details of those items, do they not?

Mr. Chambers: I am just looking.

A. Table 30 shows detail of Item 20 on Table 10 and Table 52 shows the detail of Item 42 on Table 10.

Q. This total credit of $2,227.29, why did you separate it into these two items?

A. Which total credit do you refer to?

Q. Made up of those—the total of the two to which we have just referred, Items 20 and 42 of Table 10. 33374

A. I do not see any such amount in either one of those tables.

Q. That is the sum of your—the sum of Items 20 and 42 of Table 10 is $2,227.29?

A. You mean total credits shown on both those tables?

Q. Those two items total that much.

A. No, they total more than that.

Q. How much do they total?

A. There is one credit on Table 30, total $2,157.57 and the total on Table 52 the credit amounts to $252.29. That is $2,409.86.

Q. That includes the total which you have just given includes, the item of $182.57 shown on Table 30 under date of November 30, 1904? 33375

A. Yes, sir.

Q. Deducting that you would have $2,227.29, would you not?

A. Yes.

Q. On the books of the company was that not credited at one time and as one item to Real Estate Account in 1898?

A. I can tell by referring to my working papers.

Q. Please do that. I show you the second folio of the Operating Ledger No. 2 for 1898 Real Estate Account, November 30, 1898, in which this item is credited to the Real Estate Account; why did you split it up into those two items and assign it to two different properties?

Mr. Chambers: I object. This is November 30, 1904, it was taken.

Mr. Ransom: No, not that item.

The Witness: I can explain that.

Q. That is what I would like you to do.

33377 A. Just a minute, I am looking at my working papers now.

Mr. Chambers: I do not see what 1898 has to do with 1904.

The Witness: With respect to this item reference was made to General Office Cash Book No. 4, page 40, and Mr. Davidson explained the split in this particular amount showing the two items separately and as I recall it that particular book shows these two items are split up, too. Mr. Davidson explained the properties to which each one of these amounts should be credited or was applicable.

33378 Mr. Ransom: I will have to check up on that, Mr. Davidson not being here.

Q. Are these items which you show as bookkeeping credits to the Real Estate Account in your table, all of them in the nature of withdrawals or had you intended to show all bookkeeping entries of any kind or credit entries?

A. I showed here all bookkeeping credits that appeared in the accounts irrespective of the nature. I showed them as they appeared.

Q. Look again at Table 10, Item 23—42nd Street station. Have you with you the working sheets covering this item?

A. I believe I have, sir.

Q. Is it not a fact that these expenses are found in the company's record as charged to the 65th Street station?

A. The item of $100.70?

Q. Yes.

The Master: These errors you claim exist in Mr. Silverman's report do not essentially change the result, do they?

Mr. Ransom: Well, they do not make as far-reaching a result. In view of the various shifts and readjustments which have been made we 33380
are a little bit at a loss to understand their purpose and therefore I am bringing out a few of them.

The Witness: According to my working papers the $100.70, Invoice Book 542 is the folio, is allocated as 42nd Street station. The records in some instances were very incomplete and there was a system of allocating of charges to various branches or stations in vogue during the period of this examination and many instances I had to call upon Mr. Davidson for information that would enable me to make such allocation.

Q. I show you folio 451 of the general account 33381
book, Volume No. 2, sundry creditors, in connection with what is there called, "Real Estate 42nd Street." The notation as to this item is that it is paving block between holders at 65th Street station.

A. The invoice folio—that is the invoice book folio, page 542, shows that item as 42nd Street station, and this particular book that you now refer to was a subsidiary record to which no reference had necessarily to be made for the purposes of our analysis here, and especially in view of the fact that a great many entries were put in there by means of pencil no-

33382 Nathaniel Silverman, Cross.

tations. The original records that I examined indicated this item specifically as the 42nd Street station, and it was too small to spend a lot of time on in looking up, when it was not material.

Q. Didn't you learn in the course of your work on these books and accounts that for a number of years the work done at 65th Street was considered as a part of the 42nd Street station work?

A. I never made specific inquiry as to that particular question.

Q. Did you find that?

33383 A. I don't recall now.

Q. Or did you take that into account?

A. Not especially.

Q. Well, at all?

A. I don't recall any specific instance, no.

Q. Now, table 10, item 48, "Assessments, Various," the balance of debits and credits you show as $130,023.45.

A. Yes, sir.

Q. Where on the books of the company do you find that figure?

A. $130,023.45 appears nowhere, as far as I know, on the books of the company in such an amount. It

33384 is made up of total charges to the real estate account amounting to $174,682.76, and credits in the same account amounting to $44,659.31. The amount of $130,023.45 is the difference between the two.

Q. What was the amount which you found for various assessments in the books of the company?

A. I found charged from 1884 to 1905, in the real estate accounts for the various years, a total of $174,682.76. I also found credits during the same period to the same accounts amounting to $44,659.31.

Q. This credit figure of $44,659.31—in reaching that you took out of the various assessments accounts

on the books of the company these items 20 and 42 concerning which you have already been interrogated?

A. 20 and 42?

Q. Yes.

A. You mean those two credits that I just talked about?

Q. Yes, which are charged in the books of the company as an offset against assessments.

A. I will have to certify that from my working papers. No, sir; neither of those items has been included in those credits.

Q. Do the figures on Table 59, representing the balance as of December 31, 1906, December 31, 1907, December 31, 1908, and December 31, 1909, include the Murray property? 33386

A. Yes, sir; those figures do include the Murray property. Did you say 1906?

Q. 1906, 1907, 1908 and 1909?

A. I am sure that the Murray property is included in these figures after January 1, 1909, but for 1906 and 1907 I will have to refer further to my working papers.

Q. Will you look that up as to 1906, 1907 and 1908?

A. I recollect pretty clearly that the Murray property was carried in a separate account during the years 1906, 1907 and 1908, until that fixed capital December 31, 1908, was opened, about January 1, 1909. After that time it was carried in that account until it was disposed of. 33387

Q. For those three years then the Murray account, M. account, as it was called, should be added?

A. For the years 1906, 1907 and 1908, the Murray account should be considered as being carried on the books of the company in the real estate M. account, yes, sir, but not added to this particular table though.

33388 Nathaniel Silverman, Cross.

Q. But in ascertaining the entire quantity of investment, or the entire book cost of real estate for those years, it should be included?

A. The books did show a balance during 1906, 1907 and 1908 in the real estate M. account, yes, sir, as I recall it.

Q. Now, turn to table 59, the credit item of $976.72 for 1908. What items make up that credit?

A. $976.72 shown as credit on table 59 for the year 1908 is a credit of $931.79, under date of May, 1908 journal entry folio No. 88.

33389 Q. For what?

A. Charge to general suspense account for amount of claim against insurance trustees representing loss sustained by reason of a fire at No. 128 East 15th Street, January 29, 1908.

Q. That entry then is a withdrawal on account of a fire loss apparently?

A. I merely show the credit as it appears on the record.

Q. Isn't that what it is?

A. Evidently, from that.

Q. Now, what is the rest of it?

A. I will have to calculate a few items here. It is

33390 made up of several amounts.

Q. Well, it is made up of a sundry creditor's memorandum, isn't it?

A. I will refer to my working papers in a minute and find out just exactly what the credits represent.

The second item is for $34.65, under date of August 15, 1908. It appears to be for iron fence foundations, sheet iron, evidently chargeable to a sundry creditor.

Q. It is not a withdrawal at all?

A. Evidently not. The third item is a credit for $3.08, under date of October 20, 1908, evidently charged to Astoria Light, Heat & Power Company.

Q. That is not a withdrawal at all?

A. I am not sure. The fourth item is a credit for $6.30—

Q. Well, it is generally true, isn't it, that you have shown whatever credit items you found on the books, and have included them here regardless of whether they were withdrawals or not?

A. Yes, sir.

Q. You found another account called "General Structures," didn't you?

A. I believe there is such an account on the books.

Q. That is not included here? 33392

A. General structures is not included in this particular table.

Q. Do you know what the total shown in that account was as of December 31, 1918?

A. In which account?

Q. In General Structures?

A. No, sir.

Q. That includes all the improvements to real estate since 1908, that is, real estate other than plant?

A. Which account?

Q. The General Structures account?

A. I don't know, sir.

Q. But it is not included in your exhibit at all? 33393

A. No, sir.

Q. Did you find also an account called "General Structures, Improvements"?

A. Yes, sir.

Q. And that is not included here?

A. I found some assessments charged to General Structures, Improvements, and those particular items are included in the tables.

Q. And you took them out of General Structures, Improvements, account?

A. Yes, sir.

Q. To the amount of about $68,000?

A. No, sir.

Q. What amount?

A. In table 115 assessments charged to General Structures, Improvements, 1909 to 1918, $12,943.88.

Q. And that is all?

A. That is all that I have shown here.

Q. Then there are also the items on Table No. 114, are there not, $55,567.84?

A. The total of Table No. 114 is $55,567.84.

Q. Being assessments charged to improvements to

33395 real estate?

A. Yes, sir.

Q. Out of this account called Real Estate Improvements, you have taken the assessments charged to that account?

A. You mean the total of $55,567.84?

Q. Yes, you took that out of an account called Real Estate Improvements?

Q. I believe it is called on the books Improvements to the Real Estate.

Q. Well, Improvements to Real Estate?

A. Yes, sir.

Q. You did not take or include the total of that

33396 account?

A. No, sir.

Q. There was $28,794.72, representing curbing and flagging and the like, that you did not take or include here?

A. I was only interested in the assessments for my particular purpose.

Q. You spoke in connection with these properties that had been condemned, referred to in Tables 68, 70 and so on, of getting some memorandum in writing from Mr. Davidson. Have you that memorandum?

A. What particular information, if I may ask?

Q. Well, you referred to that in a number of connections as information contained in some memorandum that you got from Mr. Davidson and you produced that copy here during your direct-examination as to the method pursued by the company in charging the awards on property taken by the City in condemnation proceedings. Have you that memorandum?

A. I do not recall a memorandum referring to that particular matter.

Q. You were asked about the dates when given properties were taken in condemnation?

A. Yes, sir. 33398

Q. And you took that before from some memorandum?

A. Yes, sir; I have the memorandum for that.

Q. May I see it?

A. Yes, sir.

Q. May I just see the memorandum?

A. I have other papers here.

Q. Can't you detach it?

A. As soon as I can find it.

Q. I mean the whole memorandum on that subject.

A. I have other papers here, Mr. Ransom.

Q. I mean the part that you got from Mr. Davidson. 33399

Q. As soon as I find it I will detach it.

Q. Well, you have a paper there with a number of sheets?

Mr. Chambers: I suggest that counsel don't argue with the witness.

A. It is shown as Item No. 2 (handing counsel).

Q. I do not want the rest of your papers. Will you just detach that part?

A. Well, these are all permanently fastened together.

The Master: He has produced what you asked for.

Q. You did not get all of this document which you are now showing from Mr. Davidson, did you?

Mr. Chambers: I suggest that he show him the one sheet there.

The Master: Judge Ransom, that is not right. You asked him for a sheet of paper and he has showed you the sheet of paper. Do not look at the rest of the papers.

Mr. Ransom: I do not want to look at the rest of the papers.

Mr. Chambers: But you are.

33401 Mr. Ransom: I am not looking at them.

Q. Will you detach the part that you got from Mr. Davidson? That is what I asked you.

Mr. Chambers: I do not see why he should tear them apart.

The Master: Are these all the papers that you got from Mr. Davidson?

The Witness: They were attached like this when Mr. Davidson gave them to me. They were just in this condition.

The Master: Then you may look at that, Judge Ransom.

Q. This paper marked "Milo M. Maltbie" Mr. Davidson did not give to you?

33402 A. No, and it has nothing to do with this.

The Master: How many sheets are there that Mr. Davidson gave you?

The Witness: There are nine sheets altogether.

The Master: Then, Judge Ransom, you can look at those nine sheets.

Mr. Ransom: That is all I wanted.

Q. Referring to your Table No. 68, the item of $116,427.11 you have shown to have labeled that here as "Charged: Depreciation"?

A. Yes, sir.

Q. This Table No. 68 supports what of your general tables?

A. It purports to show the—

Q. Well, what general table does that support?

A. Table No. 60.

Q. Table No. 68 supports general table what—60?

A. Yes, sir.

Q. Being what item?

A. Item No. 8.

Q. Being Item No. 8 on Table 60?

A. Yes.

Q. Which shows a balance as of December 31, 33404
1918?

A. 1913.

Q. Table No. 60 shows a balance as of December 31, 1913?

A. Oh, just a minute, please. Yes, sir, that shows a credit balance December 31, 1918, according to that table.

The Master: 1918?

The Witness: Yes sir.

Q. In saying that this was charged to depreciation, in reaching that balance figure as of December 31, 1918, you do not mean that that is so charged on the books? 33405

A. Well, I merely mean as the tables shows here, that there are no debits shown against Item No. 8. The credits amount to $937,965.13.

Q. That item of $116,427.11 is not charged to depreciation on the company's books, is it?

A. The company's record does show that it is charged to Depreciation Account.

Q. It is debited to Renewals and Replacements, is it not?

A. The journal entry indicates it is charged to depreciation, and as I recall it was charged to depreciation account and was probably transferred to the re-

serve account at the end of the year. As I recall the depreciation account it was merely a temporary account that was carried during the year, and then whatever charges appeared in it were closed out against the reserve at the end of the year.

Q. So it was debited to Renewals and Replacements? A. It was charged according to this record here to Depreciation Account.

Q. Well, temporarily?

A. That is my recollection, that it was charged to that particular account and—

33407 Mr. Chambers: You did not say temporarily?

The Witness: I did not say temporarily; no, sir. Not with respect to this item.

Q. On what date was it charged?

A. The Journal Entry No. 1311, page 501, December, 1913. I believe that the Journal entries in 1913 did not show specific dates, that is days of the month, but they were just charged under the month and the year.

Q. Then in December of 1913, according to your version of the matter, it was first charged to an account at that time on the books, called Depreciation?

A. Yes, sir.

33408 Q. And in the same month it was debited to Renewals and Replacements.

A. I am not sure of that.

Q. You know that it was debited to Renewals and Replacements?

A. No, sir; I am not sure. I merely stated before that I understood that was the procedure.

Q. I show you the memorandum you got from Mr. Davidson regarding this, and ask you whether that refreshes your recollection.

A. No, sir; that does not refresh my recollection, because in requesting the information from Mr. Da-

vidson I merely requested the dates of passing title and possession, and other information that he showed on that sheet, since it was not requested, I did not necessarily examine for the purpose of my examination.

Q. Didn't you find out that that had been debited to Renewals and Replacements?

A. No, sir; I do not recall that I verified any such transfer.

Q. You won't say that it was not so transferred?

A. No, sir.

Q. Didn't you look up to see whether they were so transferred? 33410

A. I do not recall now whether I did or not.

Q. On Table No. 70 you have shown the same situation. You put the sum of $44,756.36 down as charged to depreciation?

A. That is in accordance with the journal entry; yes, sir.

Q. But you did not follow that through to see that it was debited to Renewals and Replacements?

A. I do not recall now whether I did or not.

Q. In Table No. 89 where there is a similar item you did trace it through and show as a foot note your version of what took place?

A. Yes; I can recall with that specific item that I did trace that particular item. 33411

Q. Did I understand you to say the other day that there was not any account on the books for the 132nd Street Holder Station?

A. No, sir; I do not remember any such question.

Q. Was there not an account on the books for the 132nd Street Holder Station?

A. As I recall offhand now there was property on the books for West 132nd Street and a table included in this set of tables here shows that property.

Q. Which table?

A. I will find it.

Mr. Chambers: Item No. 28, Table No. 60.

The Witness: Table 88.

Mr. Ransom: The witness says Table 88.

The Witness: Table 88 is one of the tables. I believe there is another table that refers to the same property. Also Table No. 54.

Q. How did you treat the assessments with respect to that 132nd Street Holder Station?

A. Why, I merely found that in the assessments charged to the Real Estate Account and the assessments shown in the other assessment tables included
33413 in this set of tables, there were items applicable to this particular property.

Q. Turn to your Table No. 116, what is the meaning that you give to the term which you use "Equated Date" on this table?

A. It would be sort of an average date. It was equated under the direction of or in some instances by Dr. Maltbie himself.

Q. That is, you did not equate it?

A. I do not recall whether I equated this item or not. I do not think I did.

Q. Then you do not know on what basis Mr. Maltbie equated it?

33414 A. Merely on the basis of determining the average date with respect to all of the debits and credits that apply to the specific item.

Q. What do you mean by the average date of them?

A. Well, some payments—for instance, the particular land was bought in 1892 and there was part of that land sold, about 1917, I believe.

Q. Supposing that land was bought in 1892 and a small parcel of it was sold in 1917, how would you reach the equated date?

A. I will just look up the detail with respect to this item, and I think I will be able to answer your question.

Q. All right, I just want to know the method, that is all.

A. With regard to $60,111.75, the Table 54—

Q. Which item is that you are referring to?

A. That is on Table 116, referring to Table No. 54 and Tables Nos. 54 and 88. That is West 132nd Street, north side.

Q. Do you know the method by which this equated date is computed?

A. With respect to this $60,111.75?

Q. No, in general. Suppose he had property bought in 1892, and a quarter of it was sold in 1917, how 33416
would you find what you call the equated date?

A. Well, those particular circumstances that you mention I think do not enter into these items here. Now, some of these items show by reference to the tables that in purchasing property payments were made at various dates, and the equated date is with respect to those various dates. A payment might have been made of a thousand dollars on the first of January, and then on the 31st of December, $24,000 more might have been paid. Now, the equated date would be an average date, sometime between January 1st and December 31st.

Q. Supposing property worth $25,000 was pur- 33417
chased in 1917, and $5,000 was paid at that time, and $20,000 was paid in 1919, how would you figure the equated date there?

A. Well, we weigh the amount, consider that only a very small portion of that amount or we will say one-fifth, $5,000 paid in 1917, and $20,000 paid in 1919, one-fifth of it having been paid in 1917, and the eighty per cent of it having been paid in 1919, why, the equated date would probably be about the early part of 1919.

Q. And so instead of putting in the property at its purchase price in 1917, you would put in the property as in 1919?

A. Well—

Q. As acquired then?

A. The book records and for accounting purposes I would show the property according to dates acquired. The equated date was used only for the purpose of this table and the individual tables from which this particular Table 116 was compiled show the individual dates.

33419 Q. But this Table 116 which undertakes to show the cost of land acquired from 1884 to 1918, is made up on this rule of equated dates which you have indicated?

A. Yes.

Q. You do not know even how it is made up, as far as the equated date?

A. I think I gave you the general idea of it.

Q. Yes, but you did not do the work?

A. I may have on some of these items, but I think on a few of them or probably more than a few of them I did not equate the date.

33420 Q. This Table 116, cost of certain land acquired from 1884 up to 1918, does not purport to show the cost of all land acquired since 1884, does it?

A. It purports to show only those particular items that appear on the table.

Q. That it does show, and it does not purport to be a complete transcript of the company's books with respect to land acquired from 1884?

A. It merely shows—

Q. The cost of acquiring certain land?

A. Certain land, yes.

Q. You are perfectly aware there was other land acquired during those years you have left out?

A. I believe there was.

Q. Under whose instructions did you do that?

A. Under Dr. Maltbie's instructions.

Q. He told you to leave out various parcels of land?

A. No, he did not give me instructions to leave out, he instructed me to make a table up in this particular way.

Q. That is, he told you they were not to be put in?

A. Yes.

Q. Are you aware of the ones which were left out?

A. I am not, offhand. 33422

Q. Have you any working papers which will show the ones you left out?

A. I am not, offhand.

Q. Have you any working papers which will show the ones you left out?

A. The tables here will indicate I believe.

Q. Are you sure of that?

Mr. Chambers: The tables here indicate what is in the tables.

The Witness: The tables here should indicate all land acquired or all charges to real estate account except those few tables that were left out, that were not typed. 33423

Q. Are you sure your other tables show all land acquired since 1884?

A. That is, they will show all charges to real estate and other accounts mentioned in that, such as land devoted to gas operations. It will show all charges for land or any other items that have been made to these particular accounts.

Q. What do you mean by the question mark opposite the last item in Table 116, with respect to equated date?

A. I believe that question mark was made by Dr. Maltbie.

Q. On your Table 120, last column is charged depreciation, is it not a fact that all of the amount shown in this column were actually charged on the company's books to renewals and contingency reserve?

A. I do not know, sir, with respect to all of the items.

Q. Who told you to label that charge depreciation, is that a form of table given you by Mr. Maltbie?

A. This table was made up under the direction of Dr. Maltbie.

Q. You did not make up that table?

33425 A. I wrote it out.

Q. Who said to put that charge of depreciation?

A. As I recall this table was made up under the direction of Dr. Maltbie.

By Mr. Chambers:

Q. Do you remember this on Table 10, Items 13 and 14, Table 24, you spoke of item September 26, 1905, for $20 which you looked in one of the books here and said "East 18th Street"?

A. Yes.

Q. What do your working papers show about that?

A. My working papers show that I had originally recorded that item as East 18th Street and subsequently had crossed off the "E" in front of "18th."

33426 Q. Why did you do that?

A. I cannot recall now, but undoubtedly I asked Mr. Davidson about it, because I had to refer to him constantly since the records were not always clear or not complete, rather, and it was very likely that he informed me that it belonged to the 18th Street station or West 18th Street and not East 18th Street.

Mr. Ransom: You won't say he did?

The Witness: No.

Mr. Ransom: The idea of swearing ever error on Mr. Davidson, that he misled him.

Q. You had it first East 18th Street?

A. Yes.

Q. Then you crossed that out?

A. Yes.

Q. For some reason?

A. Yes.

Q. And the only recollection you have about it is that you referred from time to time to Mr. Davidson as to where—

A. Yes, at numerous times.

Q. (Continuing.) Where they should be placed?

A. Yes. 33428

Q. You did find the records somewhat confusing?

A. I found the record—

Mr. Ransom: I object to the question, nothing confusing about it when you find East 18th Street and then mark it off and swear it on to West 18th Street, there is nothing confusing about it.

The Master: Answer the question.

The Witness: Yes, I found that the record was rather incomplete with regard to details in a great many instances and I had to refer to Mr. Davidson many times to get the information I wanted in order to make an allocation, and in 33429
this particular instance I had no allocation under the heading of East 18th Street, and I believe that for that reason I especially inquired what the East 18th Street property was, that is my recollection.

Q. Take the 17th Street, the items you have there for new fence and new toilet, did he ask you about that? What do your working papers show as to that? That is Table 23?

A. Do you want me to read off the individual items that make up the amounts?

Q. Yes, and what explanatory notes you have of them; the $56.19?

A. $56.19 total under date of September 7th, 1904, $9.48, 17th Street yard. September 9, 1904, 60 cents, 17th Street yard. September 13, 1904, $1.20, 17th Street yard. Those three items were all for new toilets and sheds, lumber.

Q. Why did you put it under East 17th Street? That is the way you found it, was it?

A. I do not recall now, but I must have inquired as to the location of the 17th Street yard.

33431 Q. From Mr. Davidson?

A. Well, practically all of my inquiries were made from Mr. Davidson—I made my inquiries to Mr. Davidson, yes, sir. Shall I continue with the rest of the items on that?

Q. Yes, if you will. Take 23.

A. September 16, 1904, $3.30, 17th Street yard, new shed; September 15, 1904, $17.67, 17th Street yard, new toilet; September 24, 1904, $14.94, 17th Street yard, new toilet; April 6, 1905, 89, East 17th Street yard, new fence. I believe those items will total $56.19.

Q. Take Table 30; you were asked about an item: November 30, 1904, $182.57. What do your working papers show about that transfer to repairs to buildings account for several sewer connection charges?

33432

Mr. Ransom: I did not ask him about that.

Mr. Chambers: Yes, you did.

Mr. Ransom: The record will show you are in error, as usual.

The Witness: Transfer to repairs to buildings account for several charges for sewer connections. It relates to part of the $185.57 shewn above on the same table.

Q. Under the debit charge there?

A. Yes.

Q. You were asked about Table 59, 1908 entries there, did you have any explanation further that you wanted to make?

A. I think that I explained yesterday that the items shown in Table 59 have been charged and credited and balance shown in the real estate account for the years 1906, 1907 and 1908, and in the fixed capital December 31, 1908 account from 1909 to 1918, inclusive.

Q. Table 68, you were asked about the item charge depreciation, $116,427.11?

A. Yes. 33434

Q. Did you want to make any further explanation about that than you did?

A. No, sir.

By Mr. Ransom:

Q. You do not want to swear Mr. Davidson told you that item marked East 18th Street should be put in with the West 18th Street station, do you?

A. I said to the best of my recollection there was so many instances when I had to refer to Mr. Davidson for information, because the record did not say specifically the properties which were chargeable that I cannot recall now, those particular items, he told me that or not, but it seems to me from papers I have 33435
it is very likely he did.

Q. You found out where the 18th Street station was, did you not?

A. Where the 18th Street station was?

Q. Yes.

A. I did not find out the exact boundaries of it.

Q. You found it was on the west side by the water front?

A. I understand it is on the west side, yes.

Q. When you found an item of East 18th Street, relating to property on East 18th Street, of which

you found the company owned various parcels, why did you mark that off, or think there was anything vague about it and swing it over to West 18th Street?

A. I believe there were other charges for new fence on West 18th Street about the same time.

Q. Mr. Davidson did not tell you to leave out the $3,000,000 which you had left out of your table from the company's real estate account?

A. Tell me what?

Q. To leave out the $3,000,000 you have left out of your table from the company's real estate account?

33437 A. I do not know which items you refer to?

Q. Well, I have referred to them.

A. $3,000,000?

Q. Yes, he told you to leave that out?

A. I do not know which items they are?

Mr. Chambers: You do not recall leaving out any $3,000,000?

The Witness: Not that I recall.

Mr. Ransom: He left out other structures, other than plant which in itself is $3,000,000 left out general structures, improvements, $3,000, and he left out as he himself said, curbing, gutters, paving and light in real estate improvements account that part of it; he took the assessment

33438 part of it $28,000 plus, making about $3,000,000 he left out.

The Witness: I did not leave them out because according to my instructions these tables were to include only the items that I could upon examination of the real estate account, the fixed capital, December 31, 1908, account as it related to real estate, the land devoted to gas operation account.

Q. You went into a lot of other accounts and took parts of them although they were not in this account?

A. As I stated yesterday, in order to determine the total amount of assessments charged in the company's accounts from 1884 to 1905 it became necessary for me to make a general search and in order to do that I made a cursory examination of general structures and general structures improvements accounts but only for the purpose of determining the amount of assessment charged in those particular accounts.

Q. You went into the real estate improvements and took the assessments and left the others in?

A. Under my instructions I merely took out the as- 33440
sessments; that was all I was interested in. I made no analysis of general structures or general structures improvements accounts.

Q. You left them out of your table entirely?

A. Under my instructions; they were not to be included in my tables.

Mr. Ranson: Over $3,000,000 he left out.

The Master: Anything else?

The Witness: No.

Q. You took everything you found under this account you have specified?

A. Under the accounts I specified yesterday and today I took everything I found under my instruc- 33441
tions. I was not to include those particular accounts mentioned by Mr. Ransom.

Q. Why did you take all of the real estate improvements instead of part?

The Master: He already answered. He told you that.

By Mr. Chambers:

Q. You left nothing out of the account you examined?

A. No; all charges, credits and balances are shown here.

33442

The Master: He did not leave anything out of the account that he was told to take in. He did leave out everything in the general structures and general structures improvements except what he took.

Mr. Ransom: And he took part of the real estate improvements and left the other part.

The Witness: I took only the assessments from real estate improvements.

Mr. Ransom: Left out curbing, flagging and light.

The Master: Anything else?

33443 Mr. Ransom: That is all.

Adjourned to Friday, January 23, 1920, at 9:30 A. M.

Mr. Ransom: May the record show we adjourned at 3:30 P. M.

Last Complainant's Exhibit No. 457.
Last Defendants' Exhibit AA252.

33444

CONSOLIDATED GAS COMPANY OF NEW YORK vs. NEWTON, ETC., *et al.* 33445

Before ABRAHAM S. GILBERT, Special Master.

NEW YORK, January 23, 1920.

Met pursuant to adjournment.

Present: MR. RANSOM, MR. VILAS and MR. GOETZ, of Counsel for Complainant.
MR. CHAMBERS, of Counsel for defendant Newton.
MR. HAYWARD, MR. CLARK and MR. NEUMANN, of Counsel for Public Service Commission. 34446
MR. O'BRIEN, of Counsel for defendant Swann.

The Master: Are you ready, Mr. O'Brien?

A. T. DOREMUS, called as a witness in behalf of the defendants, being duly sworn, testified as follows:

DIRECT-EXAMINATION BY MR. O'BRIEN: 33447

Q. Mr. Doremus, what is your business?

A. I am Assistant Secretary of the Standard Oil Company of New York.

Q. And you come here pursuant to subpoena *duces tecum* served upon the Standard Oil Company of New York?

A. I have.

33448 A. T. Doremus, Direct.

Q. Which requested that you bring the stock books of that company?

A. Yes, sir.

Q. Showing the holdings of stock from 1905 down to the present time?

A. Yes, sir.

Q. And you are accompanied by whom?

A. By Mr. Palmer.

Q. And he is attorney for the company?

A. Attorney for the company, yes, sir.

Q. And Mr. Palmer turned over to you a list of
34449 names and corporations which he received from me?

A. He did.

Q. For the purpose of making a search in the records so that you might testify as to the holdings in said company of those persons and those corporations?

A. He did.

Q. And you have come here today prepared to testify as to the holdings of those persons and corporations?

A. I have.

Q. I ask you how much stock is held now and has been held from year to year since 1905 by William Rockefeller?

33450 Mr. Ransom: Objected to as immaterial and incompetent, so far as the Standard Oil Company of New York is concerned.

The Master: Objection sustained.

Mr. O'Brien: Your Honor, before you rule upon that, will you let me make a statement that the purpose of this is to show the common holdings in the Standard Oil Company of New York and the Standard Oil Company of New Jersey of various people and interests that mean one control, in effect; and again the common ownerships in the Consolidated Gas Company, the com-

plainant in this action, and the Standard Oil Company of New York, as well as the Standard Oil Company of New Jersey.

The Master: Yes.

Mr. O'Brien: All of which, we contend, goes to the question of the reliability of the bona fides of the contracts made as to gas oil by the complainant company, the domination and control exercised by the Standard Oil Company over the oil situation, so far as gas companies are concerned in and around the Metropolitan District, and for many other reasons the testimony is of- 33452
fered that will develop out of these I have already mentioned.

The Master: Objection sustained.

Mr. O'Brien: Exception to your ruling. I will ask a few more names, then.

Q. How many shares of stock in the Standard Oil Company of New York were held up to her death by Mrs. William Rockefeller and by her since 1905?

Mr. Ransom: Objected to on the same ground.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By Percy A. Rockefeller, during the same period?

33453

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By John D. Rockefeller, Jr.?

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By John D. Rockefeller, Sr.?

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By Anna Rockefeller Prentiss?

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By the Lawrence Spillman Rockefeller Memorial?

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By the Rockefeller Foundation?

Mr. Ransom: Same objection.

33455 The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By James A. Stillman?

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. The question embraces the period from 1905 to date. By James Stillman?

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By John W. Sterling?

Mr. Ransom: Same objection.

33456 The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By John A. Garver?

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By Frank A. Vanderlip?

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By Robert A. Carter?

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

33457

Q. By the Estate of C. M. Pratt, or any of the Pratt interests?

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By John H. Flagler and the estate of any of the Flaglers who are interested in the Standard Oil Company of New York?

Mr. Ransom: I object on the same grounds.

The Master: Same ruling.

Mr. O'Brien: Exception.

33458

Q. By E. S. Harkness, and the Estate of Mr. Harkness, or any of his family?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By the Northern Finance Corporation?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By Lewis Cass Ledyard?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By Lewis Cass Ledyard, Jr.?

The Master: Same ruling.

Mr. O'Brien: Exception.

33459

Q. By Payne Whitney?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By William R. Addicks?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By Margaret J. Addicks?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By George B. Cortelyou?

The Master: Same ruling.

Mr. O'Brien: Exception.

33460 A. T. Doremus, Direct.

Q. By Nicholas F. Brady?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By Harry Sinclair?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. W. Greeley Hoyt?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By George F. Baker?

The Master: Same ruling.

33461 Mr. O'Brien: Exception.

Q. By George F. Baker, Jr.?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By Samuel Sloan?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. By Samuel Sloan, Jr.?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. Mr. Doremus, have you produced any data or record which shows the amount of gas oil sold by the Standard Oil Company of New York to the various

33462 Gas Companies in and around New York during the period from 1905 to date—the quantities?

A. I have not done so personally.

Mr. Palmer: Mr. Higgins said that that was all contained in his testimony that he gave here the other day when he was on the stand here, all the quantities under the contracts, and there is only one contract that he had, and that under that contract the full supply of gas oil was furnished.

Mr. O'Brien: You mean the contract he had here the other day?

Mr. Palmer: Yes. He said he testified to it on the stand, but I am not able to say what it was.

Mr. Ransom: Bronx Gas.

Mr. O'Brien: Well, since 1905 you sold the Kings County Lighting Company?

Mr. Palmer: Your query to me was with reference to Consolidated Gas Company.

Mr. O'Brien: Oh, no. Well, I will ask you, Mr. Doremus, to bring them later, if you will, I will send for you later, that information as to the quantity of gas oil sold by the Standard Oil Company of New York to any companies in and around New York City any Gas Companies since 1905? 33464

Mr. Ransom: I object to it as immaterial. I do not know of any particular reason—

The Master: I understand Mr. O'Brien is asking Mr. Doremus to get him something.

Mr. Ransom: Suppose in the first instance Mr. O'Brien settle with Mr. Doremus.

The Master: My judgment about it is at the present time, that if Mr. O'Brien can show by Mr. Doremus or any one else that the Standard Oil Company of New York was selling large quantities of gas oil to other companies in and around New York, indicating that they could supply the wants of the Consolidated Gas Company, I will permit him to show it. I do not see why he should not show it. The contention here has been, at least the intimation has been, that no other company was in a position to produce a supply of that much oil, and if Mr. O'Brien can show that that company was and did, I will let him show it. 33465

Mr. Ransom: If it is offered for that purpose, I will not object.

The Master: I am assuming that when a question is asked it is for some legitimate purpose. I may agree with the materiality of it.

Mr. O'Brien: That is all for the present, Mr. Doremus.

CHARLES S. WALL, a witness in behalf of the defendants, being first duly sworn, testified as follows:

DIRECT-EXAMINATION BY MR. O'BRIEN:

33467 Q. Mr. Wall, you are secretary of the National City Company?

A. Yes, sir.

Q. And you come pursuant to a subpoena served upon you?

A. Yes, sir.

Q. Will you state, is the National City Company a subsidiary of the National City Bank?

Mr. Ransom: Objected to, incompetent and immaterial.

The Master: Objection sustained.

Mr. O'Brien: Exception.

33468 Q. Is the stock of the National City Company not held by trustees in trust for the stockholders of the National City Bank?

Mr. Ransom: Objected to as immaterial.

The Master: Objection sustained.

Mr. O'Brien: The purpose of the question is quite obvious, your Honor. I do not want to argue it any further, the community of interests.

The Master: If that is all you have got for Mr. Wall, he can go about his business.

Mr. O'Brien: No, not quite all. Your Honor, I would like to know just the reason for your ruling in this respect.

The Master: I have given so many reasons.

Mr. O'Brien: The company is doing business with the complainant company.

The Master: Show me how much it costs to make and deliver gas, will you.

Mr. O'Brien: Pretty soon.

The Master: All right, now. I won't take this testimony.

Mr. O'Brien: The community of interests between this company and the National City Bank—

The Master (interrupting): I don't care if 33470
one man owned all the enterprises in the world, I want to know how much it costs him to make and produce gas and deliver it. Let us find out what it is.

Mr. O'Brien (continuing): And the fiscal business carried on by the complainant company with these institutions is a very important matter in this case, and may throw and should throw some very interesting light upon the methods of the company: the question as to how they used moneys of the gas industry: the question as to whether or not the whole method of their doing business may not be attacked by the fact 33471
that they are carrying on their business in a manner that would be indicated by showing in the first place the community of interests and other matters to be thus shown. And I note an exception to your Honor's rulings.

Q. Mr. Wall, have you brought with you Mr. Cortelyou's letter, or a circular copy of Mr. Cortelyou's letter which was referred to in the advertisements of the National City Bank offering to the public certain bonds of the complainant company secured by the stock of the New York Edison Company?

33472 Charles S. Wall, Direct.

A. I have here a copy of the circular which contains a copy of a letter from Mr. Cortelyou, and I understand this is a correct copy of the letter received.

Q. And that was sent to the National City Company, was it, by Mr. Cortelyou, or to whom was it addressed?

A. It was addressed to the National City Company.

Q. And its date was what?

A. Its date is January 19th.

33473 Q. And it was from that that excerpts were made for the advertisement which appeared in the daily press?

A. I don't know about that. I assume so, but I do not know.

Mr. O'Brien: Your Honor, I offer this in evidence.

The Master: Well, you need not be afraid to offer it.

Mr. Ransom: I object to it as incompetent and irrelevant, no bearing on any issue in this case.

The Master: I don't know whether it has or not. It contains statements as to the condition 33474 of the company and earnings and sets out fully the engagement in other enterprises, that they are losing money in this case selling gas. I have read the letter, and I will take it.

Mr. Ransom: Receive the full letter, if he wants to offer the whole letter.

The Master: He has offered the letter. If Mr. O'Brien wants it in—I rather felt he suspected I would rule it out. Now, if you still press that offer, I will take it. You press your offer, do you?

Mr. O'Brien: Yes, I will press my offer.

The Master: Mark it in evidence.

Mr. Ransom: Exception.

Letter marked Defendants' Exhibit AA253.

Q. Mr. Wall, how many bonds have you got on sale?

Mr. Ransom: Objected to as immaterial.

The Master: Objection sustained.

Mr. O'Brien: Well, your Honor, this question is designed to bring out some statements as to the avidity and alacrity with which the stockholders of this company grabbed up these notes. 33476

The Master: I do not think that is any of your business, nor of mine.

Mr. O'Brien: Well, I think it is.

The Master: Objection sustained.

Mr. O'Brien: Of course, the case along that line has been built up and I want to put on the capstone.

The Master: I am knocking it down as fast as I can.

Mr. O'Brien: What?

The Master: I am knocking it down as fast as I can.

Mr. O'Brien: Exception. 33477

Q. At what price did your company get these notes from the Consolidated Gas Company?

Mr. Ransom: Objected to.

The Master: Objection sustained.

Mr. O'Brien: Exception.

Q. Who are the trustees of the National City Company?

Mr. Ransom: Objected to as immaterial.

The Master: Objection sustained.

Q. Is Mr. Stillman a trustee of the National City Company?

33478 Archibald S. B. Little, Direct.

The Master: Same ruling.

Mr. O'Brien: Exception to all these rulings.

Q. Mr. Percy A. Rockefeller is one of your trustees, is he not?

Mr. Ransom: Objected to.

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. Who are the stockholders of your company who hold more than 1500 shares of stock?

Mr. Ransom: Objected to as immaterial.

The Master: Same ruling.

33479 Mr. O'Brien: Exception.

Q. Have you got the original of Mr. Cortelyou's letter in the files of the National City Company?

Mr. Ransom: Objected to as immaterial. A copy is in evidence.

The Master: You can say whether you have the original.

A. I assume so. I do not know of my own knowledge.

Mr. O'Brien: That will be all.

No cross-examination.

33480 Archibald S. B. Little, a witness called on behalf of the defendants, was duly sworn and testified as follows:

Direct-examination by Mr. O'Brien:

Q. Mr. Little, where do you reside?

A. Springfield, Illinois.

Q. What is your avocation?

A. I am a gas engineer; chief gas engineer to the Illinois Public Utilities Company.

Q. You have been in the gas business practically all your life?

A. Yes, sir.

Q. Will you, beginning at the beginning, tell us something of the preliminary education which you have had?

A. Yes, sir. May I refer to some notes on that?

The Master: Yes.

The Witness (taking paper): My early schooling was in England at the public schools. Also I was educated by private tutors, by names Professors Isbister, Westlake and Rice, at Forest Gate, England. In addition I took evening classes at Science and Art Schools, in London, and at Gordon College in Aberdeen. 33482

Q. How long a time did you spend in the academy?

A. About two years.

Q. What academy?

A. Well, it was not a university training. I have no degree from a university; I did not go through a university.

Q. What did you do then?

A. Then I took up my office work and training as an office boy to the New Conveyor Company, Ltd.

The Master: Let us see if we cannot save some time. Mr. Little has handed me a statement prepared by him as to his preliminary education. 33483

Mr. Ransom: Is this the same as was put in in the Quincy case?

The Witness: No, it is a little more elaborate.

The Master: You can ask Mr. Little whether he has prepared a statement on his experience and education, and then have it taken in as if read.

Mr. Ransom: I will consent that this be placed on the record in this form, with the same force and effect as if the witness had testi-

fied to it, subject to my cross-examination if need may arise on any part of it.

The Master: Yes. In other words, instead of the witness orally reciting the matter here. You do make the statement contained in these sheets?

The Witness: I do.

(The statement presented by the witness is as follows):

33485

QUALIFICATIONS
OF
A. S. B. LITTLE
Gas Engineer—Chicago.

SCHOOLING:

Two years at public school, West Ham, England.

Three years at Main's Academy, Manor Park.

Two years under private tutors, Professors Isbister, Westlake and Rice, at Forest Gate, England.

Two years evening classes at Science and Art Schools, Stratford, England: Mechanical Engineering.

33486

TRAINING:

Office boy to New Conveyor Company, Limited, London, 1893-1894, my father being the founder of that company.

Apprentice Engineer, to Barry, Henry & Company, Aberdeen, 1894-1895, said company being controlled by my father.

Apprentice Engineer to Harpers' Limited, Aberdeen, of which my father was a director: 1895-1896.

In employ of Transport Appliance Works, Limited, Birmingham, England, that company being a subsidiary of the New Conveyor Company, Limited, which parent company also controlled Little & Graham, Limited, and the Automatic Coal Gas Retort Syndicate, London. Was with this organization from 1896 to 1905, acting successively as Draftsman, Estimating Clerk, Head of Cost Department, Assistant Works Manager, Secretary, Manager, Managing Director. In the last five years of the period ending 1905 I had control of the business.

The companies mentioned above were engineers and contractors, specializing in the construction and installation of labor and fuel saving plants for Gas Works (particularly Inclined Retorts), Steel Mills, Iron Works, Coal Mines, Docks, Street Railways, Underground Electric Railways, Coke Ovens, etc. 33488

GENERAL STUDIES:

Technical literature has been read regularly through the medium of the following papers:

The Engineering Magazine, New York.
The Engineer, London.
Engineering, London. 33489
Journal of Gas Lighting, London.
Gas World, London.
The Gas Age, New York.
American Gas Journal, New York.
The Gas Record, Chicago.
The Gas Industry, Buffalo.
The Engineering News, New York.
Gas Institute News, New York.
American Gas Institute Abstracts, New York.
Power, London.
Street Railway Journal, London.

Metallurgical & Mining Review, New York.
Manufacturer's Record, Baltimore.
Utilities Magazine, Philadelphia.
Chemical Trades Journal, Manchester.

Have read important books, such as:

Modern Gas Works Practice, Meade.
Cost Finding, Arnold.
Valuation of Public Service Corporations, I and II, Whitten.
Newbigging's Hand Book, Newbigging.
33491 O'Connor's Pocket Book, O'Connor.
Valuation of Public Utility Properties (2), Floy.
Valuation of Public Service Companies, Foster.
Valuations for Rate-Making Properties, Hayes.
American Gas Engineering Practice, Latta.
Gas Manufacture, Butterfield.
Distribution of Gas, Hole.
Regenerator Benches, Graham.
Gas World Year Book, Allan.
Catechism of Control Gas Engineering, Secretary of Educational Fund.
33492 Central Station Heating, Gifford.
Public Utilities Reports—Annotated, Rochester.
Valuation of Public Service Property, Wyer.
Introduction to the Theory of Value, Layton.
Wealth of Nations, Smith.
Uniform System of Accounts, Gas Institute.
Kings Treatise, Gas Journal.

Have also read the following proceedings during the past seventeen years, or as long as published since then:

British Gas Institute, London.

North British Association of Gas Engineers, Edinburgh.

Manchester District Association of Gas Engineers, Manchester.

Eastern Counties Gas Association, Cambridge.

Southern District Gas Association, Portsea.

American Gas Institute, New York.

33494

Illinois Gas Association, Chicago.

Michigan Gas Association, Detroit.

Southern Gas Association, Atlanta.

Ohio Gas Light Association (1901-2-3), Columbus.

Pacific Coast Gas Association, San Francisco.

National Commercial Gas Association, New York.

Bulletins of Bureau of Standards, Washington.

Receive and read the decisions and orders issued by most of the State regulatory bodies, including:

Gas & Electric Light Commissioners, Massachusetts. 33495

Board of Public Utility Commissioners, New Jersey.

Public Service Commission, Maryland.

Public Service Commission, 1st District of New York.

Public Service Commission, 2nd District of New York.

Public Service Commission, West Virginia.

Railroad Commission, California.

Bulletins of U. S. Geological Survey, Washington, D. C.

RESEARCH WORK:

Studies were made between 1902-1905, of water gas plants at Tipton, Ilford, Uxbridge, Hull, Smethwick, West Bromwich and Cleethorpe, on plants built according to the Lowe, Delwick, Kramer and Aarts, and Economical designs, for the purpose of ascertaining:

A. The extent to which blue gas could be auto-carburetted by coal gas;

B. The benefits derived when the CO_2 was removed from blue gas.

33497 Similar work was done in this country at Calumet, Nashville, Chattanooga, Crawfordsville; and at East St. Louis, Bloomington, Freeport, Moline and Chicago data was collected on the operations of water gas machines when using low priced bituminous coal for generator fuel. Studies were made of the gas producer plants of E. J. Duff (United Alkali Co.), Dr. Humphrey (Power Gas Corporation), Dr. Mond (Brunner, Mond & Company), John Strain (Lanarkshire Steel Company), Alex Ross (Wm. Beardware & Company) and others.

Studies were made of the Coze patents for Inclined Retorts, and of the designs of the Stettiner Chamotte
33498 Fabrik Company, for the purpose of a criticism written by request for the Journal of Gas Lighting, dealing with the Zurich (Switzerland) Gas Works; also of the Chamber oven plant built by Aug. Klonne at Koenigsberg, this afterwards being torn out and replaced with inclined retort installation of my design.

Study of firebrick linings for water gas machine for Missouri Fire Brick Company, resulting in new designs being made.

Studies made of coke oven designs of J. H. Darby, Roberts, Koppers, Evance Coppee, and Altenshein, in connection with plants built at Brymbo Glengarnack,

Cowdenheath, Wigan, St. Helens, Joliet, Woodward, St. Louis, Canal Dover.

Studies were made of coal mining conditions in Wales, Scotland and England and subsequently at Middlesborough, Kentucky, for Wm. H. Lindsey and for British Association, Incorporated.

Studies of coal seams in Western Kentucky, including the opening of a new mine in which the Laclede Gas Light Company of St. Louis was interested. The latter included the mining of the coal and its carbonization in a separate plan, said mine being on land I held under option and the operations being under my 33500
control.

Studies of coal washing machinery of the Luhrig, Altenheim and Coltness designs, erected in Wales, Scotland, England and the United States.

Studies of coal gas and water gas apparatus of combination type, in conjunction with T. J. Weber of United Light and Railway Company, who formerly worked under Chief Bradley of the Consolidated Gas Company, resulting in a patent system being designed for the manufacture of gas.

Studies of gas purification for the purpose of perfecting a system for removing sulphur impurities by means of oxide of iron suspended in a liquid, plants of 33501
an experimental nature but of large size being put in at Detroit and St. Louis and operated under my supervision.

Studies of gas distribution systems at St. Louis, Chicago, Jacksonville, La Salle, Belvidere, Peru, Moline, Rock Island, Silvis, Calumet, Waukegan, Dixon, etc. High pressure gas transmission studied at Lawrenceville, Olney, Bridgeport, Marshall, Robinson, Belleville, Lexington.

Studies have been made of the utilization of gas under both low and high pressure, particular attention

being given to lighting units and air heating devices such as the radiant fire. Burners and heaters were invented and special article was written for the use of the General Gas Light Company of Kalamazoo.

Studies of horizontal retort plants and inclined retort plants in Great Britain and a paper prepared for and read by a prominent engineer at the British Gas Institution meeting.

Studies were made of the bookkeeping, billing, meter reading, jobbing, collecting and executive departments of various gas companies, particularly of the
33503 People's Gas Light and Coke Company, Public Service Company of Illinois, People's Power Company, Illinois Northern Utilities Company, St. Clair County Gas and Electric Company, Illinois Traction System, Quincy Gas and Electric Company, and United Gas and Electric Company, resulting in charges being made in some cases, particularly in Chicago.

Study of American gas plant practice and the publishing of a paper thereon in a competition conducted by the Gas Age, New York, second prize being awarded.

SOCIETIES:

33504 Member of the American Gas Association, Illinois Gas Association, Michigan Gas Association, Southern Gas Association. Also, when in England, was a member of the Association of Machinal Engineers (Birmingham section) at which I read a paper in 1904, and attended the meetings of the British Gas Institution, North British Gas Association, Manchester District Association of Gas Engineers, Eastern Counties Gas Association.

EXPERIENCE:

Manufacture of gas apparatus and equipment, including cast iron, mains, retort iron work, bench mountings, exhausters, steam engines, etc., when in

the shops controlled by New Conveyor Company, Limited, and Little and Graham, Limited. Design, inspection and approval, in the manufacturers' works, of retorts, firebrick, shapes and blocks for use in retort plants and water gas sets. (1894-1897) Designs made and patents secured for:

1. Manually operated machine for charging and discharging horizontal retorts.

2. Retort house governor, for hydraulic main.

3. Regulating device and charging apparatus for inclined retorts. 33506

4. Measuring devices, for coal to be charged to boilers or retorts.

5. Mechanical cokingstoker.

6. Coal conveyor for use by London County Council power station.

7. Cold coke conveyor for British Gas Light Company.

8. Hot coke conveyor for British Gas Light Company.

9. Steel preserving preparation for Gas Holders. 33507

10. Littlene for prevention of Naphthalene deposits.

11. Dwarf inclined retort house.

12. Weber-Little system of producing gas.

13. Feustel-Little system of graphically announcing location of street cars or trains.

14. Chain for ash conveyors, for Glasgow Corporation.

15. Chain lubricators for labor saving devices on the Central London Railway (subways).

First experience on inclined retort plants was gained at Huddersfield in 1897, and about the same time I assisted in the redesign and reconstruction of the original Coze systems at Rochdale, West Hartlepool and Salford. Particulars of this work were furnished to Frederick Egner, of St. Louis, who presented a paper to the Gas Association which described the superiority of the designs of Little and Graham, Limited. Later, and including up to 1905, plants for production of
33509 coal gas, including buildings and equipment, were built to my designs and under my personal supervision at: Burslem, Batley, Cambridge, Dudley, Leek, Hull, Smethwick, Leeds, Swansea, Middleton and Nelson.

I also designed and built, in our shops, three modern steel and brick buildings for the elaboration of steel plates and shapes, and equipped them with a complete power plant, including electric generator station. One of these buildings was over 250 feet long by 80 feet wide, with overhead traveling cranes. I also designed and built a new foundry for the company.

Machinery for similar plants (but not firebrick) at: Birmingham (Satley-Nechells and Windsor Street
33510 Stations) Edinburgh, Glasgow, Burnley, Sheffield, Stratford, Portsea, Cradley Heath, Ipswich, Middlesbrough, Cardiff, Neath, Newcastle, Milan, Melbourne, Bremen, Koenigsberg, Wellington, N. Z., etc.

First connection with work on horizontal retorts at Shildon, for the North Eastern Railway Co. to make both coal gas and oil gas for lighting trains; and later at: London (Beckton) Edinburg, Glasgow, Kilmarnock, Birmingham, Burnley, Brighton, Tipton, Burton-on-Trent, Oxford, Belfast, Hanley, Lehigh, Stoke, Neath, Jersey, Wolverhampton, Coventry, etc.

On gas producer plants, outside of "city gas" works, I designed, constructed and had charge of the installations of labor saving machinery including storage tanks, for the following:

Lanarkshire Steel Company,
William Beardmore and Company,
Armstrong, Whitworth and Company,
South Staffordshire Mond Gas Company,
Power Gas Corporation,
Crossley Brothers, Limited,
Tangyes, Limited,
United Alkali Company, etc. 33512

On boiler house equipment, labor saving machinery, coal and ash storing arrangements, and coal measuring and saving, equipment was resigned and installed for:

London County Council Tramways,
City and South London Railway (tubes),
Central London Railway (tubes),
British Westinghouse Electric Company (Mersey tubes),
British Thompson Houston Company,
Electric Construction Company,
Birmingham Electric Power Station, 33513
Leeds Electric Tramway Station,
Leeds Electric Light Station,
Edinburgh Electric Light Station,
Glasgow Electric Tramway Station,
Wellington (N. Z.) Electric Power Station,
Alex. Cross & Sons, Chemical Plant, and many others.

On water gas plants I have not built any of the generator sets, but have designed and installed a considerable amount of fuel handling and storing apparatus

and ash removal equipment, including plants at Leigh, Leicester, Birmingham, Cradley Heath, Smethwick, Tipton, etc.

It is perhaps unnecessary to mention in any detail my work in Great Britain in connection with special plants designed for handling and storing munitions; nitrates; glass; creosote material; pig iron; coal at mines; coal and coke at coke ovens using, particularly, pulverized coal; cement; tailings (for De Beers Consolidated Mines); iron ore (for Government of Spain); grain and coal (for Buenos Ayres State
33515 Railways); guano; glue; bottles; soap; garbage (destructors) and sewage (outfall works at Glasgow); refractories; pulverized coal for boiler fuel, etc.

LATER EXPERIENCES:

Since 1906 I have been engaged at various times as:

Engineer and Agent, Missouri Fire Brick Company, St. Louis (February, 1906 to October, 1908).

Chief of Gas Division, Evens and Howard Fire Brick Company, St. Louis (October, 1908 to October, 1910).

General Manager, Consolidated Gas Purification and
33516 Chemical Company, and Atlas Paint Company (miners of iron oxide), and at the same time Consulting Engineer to Tennessee Mining and Manufacturing Company, and to Wm. H. Lindsey; and to British Association, Incorporated (Coal land owners) (October, 1910 to August, 1914).

Chief Gas Engineer, Public Utilities Commission of the State of Illinois (August 2, 1914, and still so employed).

From July 1, 1918, to February 1, 1919, leave of absence was granted by the State of Illinois so that I

could take up the rebuilding of the Central States Gas Company plant and property and make a study of the results obtained in the recovery of crude light oils by compressing gas to 90 pounds per square inch (to get Toluol for making T N T)

Member of Committee on Toluol and Gas Standards, Bureau of Standards, Washington, 1917.

I have never been discharged from any position and have not had it suggested that I should resign. With the exception of a short period in 1905, after I resigned my position with the New Conveyor Company, Limited, I have been continuously employed during the 33518
last 25 1/2 years. In the few months during which I was clearing up my affairs preparatory to proceeding to the United States, I resided with Mr. John Young, President of the British Institute of Gas Engineers, Engineer and Manager of the British Gas Light Company, and made good use of my time by studying the operations of the Hull Gas Works, in which the most modern coal gas, water gas, sulphur recovery and tar distillation machinery and equipment are in use.

It should be stated that in said period I also acted as consulting engineer to the Compagnie l'Union des Gas, being retained by the attorneys, Waterhouse and Com- 33519
pany, on the recommendation of F. D. Marshall, Chief Engineer of the Copenhagen Gas Works and Consulting Engineer of the Imperial Continental Gas Company. In that period I also contributed extensively to the technical press, by request, at liberal rates. I was also associated with J. J. von Ryhn, in the introduction of the K and A water gas plants in Great Britian.

My work in the construction end of the gas business in the United States has involved the design and construction of the first modern coal gas plant for St. Louis, and a similar one for Montreal (Canada).

Like work in retort houses, of smaller proportions, was done at: Lafayette (Indiana), Calumet (Michigan), Quincy (Illinois), Detroit (Michigan), La Porte (Indiana), Birmingtom (Alabama), Platteville (Wisconsin), Albion (Michigan), Bowling Green (Kentucky), St. Johns (New Brunswick), Ottawa and London (Ontario), Winnipeg (Manitoba), Lansing (Michigan) and other places. Also, at Lansing, I designed and built furnaces for refining antimony; and in Chicago developed the only successful plant for carbonizing scrap products in the pro-
33521 duction of case-hardening material for use in automobile factories.

VALUATIONS AND REPORTS:

I have had charge of the following investigations, covering gas properties:

Chicago (1915, 1916, 1917, 1918, 1919, and one now going on),
Springfield (1914, 1918),
Dixon,
Jacksonville,
Quincy,
33522 Waukegan, Winnetka, Highland Park, etc. (coke ovens included),
Evanston,
Charleston,
Mattoon,
Rockford,
Moline, Rock Island, East Moline,
La Salle, Peru,
East St. Louis, Belleville, Staunton, Collinsville,
Robinson, Marshall, Martinsville, Hutsonville,
Lawrenceville, Bridgeport, Sumner, Olney,

Joliet, Auora, Elgin (coke ovens included),
Chicago Heights,
Bloomington,
Carlinville, Contralila, Mount Vernon,
Hillsboro, Litchfield,
Sterling, De Kalb, Morrison, Mendota, Geneseo;

and, in fact, of practically every city and municipality in Illinois, except Peoria and Galesburg.

I have also assisted very considerably in the preparation of the engineering matter for use by the Attorney General in his brief and argument work for the 33524
Circuit Court of Sangamon County and for the Illinois Supreme Court, in connection with appeals from decisions of the Illinois Commission.

CONSULTING WORK:

For Compagnie l'Union des Gas (before Justice Grantham in High Courts of Justice in 1905):

City of Lexington, Kentucky,
Ohio Gas Light and Coke Company,
People's Power Company,
Appalachian Coal Company,
British Association, Incorporated, 33525
Canal Dover Coke Ovens.

TECHNICAL LITERATURE:

By request, I have acted as special contributor to the following technical papers, beginning in 1899:

"The Engineer,"
"Engineering,"
"Engineering Magazine,"
"Journal of Gas Lighting,"
"Gas World,"

"Gas Age,"
"Gas Record,"
"Gas Industry,"
"American Gas Light Journal,"
"Ryerson's Magazine,"
"Chemical Trade Journal,"
"Page's Magazine,"
"Feildens Magazine,"
"Iron and Coal Trades Review,"
"Colliery Garden,"
"Journal of Trade Journals,"
33527 "American Gas Institute News."

I have also written a book on "Valuation of Public Service Property," which is being published serially by the "Gas Age" of New York; and one on "Purification of Gas."

Have also read and discussed papers at the meetings of:

Illinois Gas Association,
Michigan Gas Association,
Southern Gas Association,
American Gas Institute,
Pacific Gas Association.

33528 Drafted General Order No. 20 of Illinois Public Utilities Commission, fixing standards of service for gas utilities, being the first state gas engineer to secure the elimination of the candle power requirement and the substitution of a moderate heating value.

Collaborated with Chief Accountant Hammond, of Illinois Commission, in preparing the "Uniform System of Accounts for Gas Utilities," made effective as of January 1, 1919, by the Commission.

Have acted as Examiner for the Commission in numerous gas cases dealing with services, presiding at the hearings.

Was appointed special investigator of the People's Gas Light and Coke Company in 1918, and made an audit of the books of that company, having at one time over 70 assistants at work on the case.

Am now in charge of the work in connection with the finding of fair costs of the property of the People's Gas Light and Coke Company, Chicago, having been requested by both the City of Chicago and the Gas Company, and permitted by the Commission, to preside at the conferences of attorneys and engineers. At said conferences we have already agreed to the items of property listed in the 57 volumes inventory, 33530
and have completed a considerable amount of the work involved in the pricing of said items according to, respectively, the original cost, historical reproduction cost, reproduction cost at June 1, 1919, and also with both 5 and 10 year averages.

Q. Mr. Little, the statements therein made are correct, and they correctly narrate the experiences you have had and the training and education leading up to the present time?

A. That is so. 33531

Q. In connection with the gas business, the gas making business, the science of gas making, the construction work, engineering work in and around gas industries, and along the other branches as narrated in that statement?

A. That is correct.

Q. Are you acquainted with the properties, the plants and equipment of the complainant company?

A. I am, except the distribution system. I am talking of the manufacturing plants.

Q. Have you, for the purposes of testifying in this case made an examination of the plant and equipment of the complainant company?

Mr. Ransom: I suggest that he ought to tell just how much of an examination he made.

The Master: He will. He has got to say first that he made some.

Mr. Ransom: Well, some examination, yes.

A. I made some examination, yes.

Q. Will you state briefly the examination that you made? What you did, what plants you visited, when
33533 you visited them and what you did; how you looked at them.

A. In regard to the first visit to the biggest one, which is an auxiliary of the Consolidated plant, the Astoria one, I visited that, all told, I believe seven times; not for the purposes of this case, only once for the purposes of this case. The other times were in past years when I went over there to examine the plants to see what they were capable of doing and to see if I could bid on any of the work of repairs, refittings, etc.

The Master: That time you were in business, the contracting business?

33534 The Witness: Construction work, yes, sir.

Mr. Ransom: You are referring to the Astoria now?

The Witness: That is what I said, yes.

Mr. Chambers: He said Astoria.

The Witness: In regard to the Consolidated plants proper, I visited 14th Street twice within the last six weeks; I visited 21st Street twice also within the last six weeks; 42nd Street once; 44th Street, or what remains of 44th Street, once; 99th Street once; 111th Street holder station once; the 18th Street yards twice—and on

these visits I was in the plant approximately two hours, in the Consolidated plants.

The Master: On each visit, or altogether?

The Witness: No, on the first visit. The second visit I did not stay very long because the information I wanted was not available.

Q. And have you consulted the records of the complainant company.

A. I have, both directly and by having statements prepared by Accountant Sangster.

Q. And you have examined the records of the manufacturing results, reports made to the Public Service Commission, and other data concerning operations of the Astoria plant? 33536

A. Astoria and Consolidated, also. And, furthermore, I might say that I have been doing that for some years through correspondence with Mr. Hine, recently of the Public Service Commission. He used to send me sheets, the advance sheets before they were published.

Q. And have you read the testimony in this case?

A. Not all of it, no, sir.

Q. Have you read the testimony of the direct and cross of Mr. Woods?

A. I have, and abstracted it. 33537

Q. And you have concurrently with the reading of the testimony carried on your investigations?

A. Yes, sir.

Q. Of the Astoria plant?

A. Yes, sir.

Q. And the plants of the complainant company?

A. Correct.

Q. Mr. Little, did you make a particular study of the plant capacities and outputs of the Astoria Light, Heat & Power Company?

A. Yes.

33538 Archibald S. B. Little, Direct.

Q. Will you state the nature of that study and the extent to which you went, and the data that you found, and the deductions that you made from your inspection of the data that you used?

A. I can refer to my notes.

The Master: Let us see if we can save some time here. The witness has handed me, Mr. Ransom, a report, I shall call it, prepared by him.

Mr. Ransom: May I see it?

The Master: Just one moment. We will see
33539 if we can get somewhere. This report has been based upon theories of this witness, and I have no doubt that I shall allow him to state his theories as indicating the more economical manufacture of gas. I take it, on the other hand, that if Mr. O'Brien gets this report in as a statement of this witness, he would not want any more than that. In other words, he can probably get it in in better shape by a statement of this witness than he can by asking questions and getting answers. Is that not so, Mr. O'Brien?

Mr. O'Brien: That is generally correct, your Honor. There may be some cases where some
33540 particular question might be asked.

The Master: But the purpose of your examination would be to bring out the information contained in this report?

Mr. O'Brien: Yes.

The Master: And if you got this report in you would get it in in very much better shape than you could by question and answer. I know if I were counsel I would like to have it.

Mr. O'Brien: Yes, except that here and there there may be some things that should be elaborated on because, as you see, it is quite condensed.

33541

The Master: I think we will save a great deal of time I am sure, both in the direct and in any cross, if this can be received as the testimony of this witness, just as the tables have been prepared, and some of these are tables. I will give you a chance to look at it and perhaps instead of wasting a day here listening to the witness's voice—I am not so keen about listening to it, and I do not suppose anybody else is. Have you any objection to me showing this to Judge Ransom?

33542

Mr. O'Brien: No, your Honor, except that certain things might be ruled out.

The Master: I am not going to rule anything out it the statement goes in: I am going to put it in for what it is worth and let Judge Ransom analyze it. I think that is the quickest way to get it, because in substance I am going to let Mr. Little, as an expert, give his theoretical views and I think it is a good way to get it in this shape.

Mr. O'Brien: I think it narrows the issue pretty closely, your Honor, on certain branches of the case.

The Master: I think it is a good way to get it.

33543

The Witness: It is theory, except that I saw the plants as they are.

The Master: But you have drawn deductions from the facts as they exist?

The Witness: Yes.

The Master: Those deductions may or may not appear to me to be good in the light of the other evidence in this case.

Mr. O'Brien: There is something here and there before I conclude the direct—some features I would like to bring out from the witness. For instance, he assumes without assenting to it, for the purposes of computation and so that

your Honor will have a final set-up and know where his production costs lead to—assumes a price of gas oil of six cents as of the present time, still contending with the complainant that the price should be much less.

Mr. Ransom: Much more.

Mr. O'Brien: Much less.

The Master: Do not get into that argument. I am going to let Mr. Little assume anything he pleases for the purpose of his expert evidence.

Mr. O'Brien: Then again for the purposes of
33545 filling out the computation leading up to a final figure for gas in the burner, he has taken what Mr. Teele would call the distribution costs, what might be said to include, too, the overheads as they were in the Teele exhibit.

The Master: I will let you bring out anything you want. All I want to do is to save hours and perhaps days in getting in stuff—I won't call it stuff, but getting in matter that I probably will allow in.

The Witness: To save time, I got it up in that form, your Honor.

The Master: And I am glad you did; it is a
33546 useful piece of work. Still, after considering it, I may not believe it so useful in the light of other evidence.

The Witness: I realize that.

Mr. O'Brien: I will make a further statement after counsel has examined that.

Mr. Ransom: Will your Honor spread this on the record with the same force and effect as though the witness had testified to matters therein set forth, subject to my objections and exceptions, and reserving to me the right to move to strike out this report on fuller examination and in the light of any cross-examination that may take place?

33547

The Master: Yes, of course, with this stipulation, that if under the circumstances I grant any motion to strike out any part of it, that I shall give Mr. O'Brien and the other defendants a chance to meet any of that testimony that I strike out in some other form.

Mr. Ransom: Of course.

Mr. O'Brien: Of course, your Honor, in assenting to this going in in this condensed form into the record, I am temporarily losing the advantage of a graphic description of many things that are contained in this statement.

33548

The Master: It seems to me you could not get it in in any better form than that.

Mr. O'Brien: But I want to conserve my own rights, as you have already indicated—

The Master: I will not press you to put it in, but it seemed to me it was an advantage to you, and to some extent an advantage to the complainant, to be able to take this statement and go through this with their engineers and check it up and prepare the cross-examination, and be an advantage to all of us in a tremendous saving of time.

33549

Mr. Ransom: I realize that this thing in its present form is in the precise form that gas experts or other engineers are able to examine and deal with, whereas if put into the record in question and answer form it becomes somewhat fragmentary and more or less broken up. If you are willing to take it on that basis—

The Master: I am willing to take it on the basis that nobody's rights shall be seriously affected, on the basis that I should allow the witness to testify to all this against any objection you might make to particular pieces of evidence, reserving to you, as you would have in any event, the right to move to strike it out if you are able

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to show that it should not be in the record at all on any theory. Under the circumstances, if it is agreeable to all counsel, I will take this report of Mr. Little in the shape in which it stands, as his testimony in this case, subject to your general objection that he is not qualified, and that matters therein contained are not the subject of opinion evidence, that he is not able to testify to them, and give you an opportunity to look it over and prepare your cross-examination. If on cross-examination, and as a result of all his testimony, you want to make a motion to strike

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out any part of it, I will entertain it. If I do strike out any part of it I shall give Mr. O'Brien an opportunity to supply that same testimony in some other form by this witness or by some other witness. I want to protect the rights of everybody.

Mr. Chambers: Then it is understood that this is put in as if he had testified to it?

The Master: Yes. I will have the witness testify that the matters and statements therein contained are correct, and that if he was asked particular questions relative to each particular item he would make the answers appearing upon that

33552

statement.

Mr. O'Brien: Your Honor is going to give me a chance to ask the witness about a few matters, in order to explain them?

The Master: Yes.

Mr. O'Brien: I ask Judge Ransom if he has produced the records, papers and other data of the Astoria Light, Heat & Power Company, and the complainant company which I requested yesterday to be produced today.

Mr. Ransom: I would like to place on the record, have copied in the record, the request given me at the close of court yesterday.

(The request referred to by Mr. Ransom is as follows):

CONSOLIDATED GAS COMPANY v. NEWTON *et al.*

ASTORIA LIGHT, HEAT & POWER COMPANY.

List of Books and Records to be produced.
General Ledgers Numbers 1, 2, 3 & 4.

Operating Journals for the years 1899 to August 31st,		1919.	
Operating Ledgers	do	do.	
Construction Ledgers	do.	do.	
Books of Trial and Post-Closing Balances	do.	do.	
Accounts Receivable Ledgers	do.	do.	
Accounts Payable Ledgers	do.	do.	
Accounts Receivable Blotters	do.	do.	numbers 1 to 6 inc.
Vouchers Records	do.	do.	numbers 1 to 9 inc.

Records of Manufacture numbers 1, 2 and 3.
Trial Balance Book of the Construction Ledgers, years 1918 and 1919.
Accounts Receivable Balance Books, 1903 to 1919, inc.
Accounts Payable Balance Books, 1907 to 1919, inc.
Construction Ledger Balance Books, 1918 and 1919.
Consolidated Gas Company Record of Manufacture, containing record for Astoria Works, gas made and sent out, years 1906 and 1907.
Consolidated Gas Company Record of Gas Made and Sent Out, 1907 to 1919, inc.
Gas Production Statistics, 1918 and 8 months of 1919.
Manufacturing Records do. do.

33556

William L. Ransom, Esq.,
120 Broadway.

Sir:

I request that you produce in court at 9:30 A. M. Friday, January 23rd, 1920, the above books and records of the Astoria Light, Heat & Power Company, and Consolidated Gas Company.

Respectfully yours,
WILLIAM P. BURR,
Corporation Counsel,
Solicitor for Edward Swann,
Dist. Atty. of New York
County.

33557

January 22, 1920.

Mr. Ransom: Now, this involves somewhere around seventy books which are on a truck downstairs now. I do not know any reason why any such enormous quantity of stuff should be called for. We have done the best we could to produce it.

The Master: They are here?

33558 Mr. Ransom: They are downstairs, they have not been brought physically into the court room.

The Master: Do you want to use them?

Mr. O'Brien: Such parts as are necessary as a basis for—

The Master: What books do you want? Mr. Ransom will send a man down and bring the book you want.

Mr. O'Brien: The data of the Astoria Company and the complainant company, which we asked to be produced in court here today is, as Judge Ransom states, downstairs. I will have to use them tomorrow anyway, and I think we

33559

would save the trouble of bringing it up at this time, because it must be carted up here tomorrow anyway. I will therefore ask leave tomorrow to offer in evidence certain portions of the books. There is certain data in Mr. Little's report based upon the books of the Astoria Company and the complainant company, and I want to lay the foundation by offering them in evidence. I would like to reserve the right to do that tomorrow morning, if it meets with your approval.

The Master: I don't like to put the burden on the complainants of bringing these books up and 33560
down.

Mr. Ransom: We will have them here tomorrow if he will surely finish with them tomorrow.

Mr. O'Brien: I cannot make any promise about finishing with them.

Mr. Ransom: Well, do the best you can.

Mr. O'Brien: Surely, if you want to, I can send for Mr. Sangster and have him identify certain records today.

The Master: I wish you would. Mr. O'Brien, as I understand it, this statement of Mr. Little's is to be read in as Mr. Little's testimony? 33561

Mr. O'Brien: That is right, it is to be taken in as his testimony.

The Master: It is going to be copied right into the record. Mr. Little, as I understand it, this paper, this report, beginning with Sheet No. 1—there are several sheets of No. 1, but the one starting "Introduction"—I think I will take that as the explanation of the purpose of it—contains in substance the answers that you would give to questions put to you by Mr. O'Brien, if questions were put to you and answers were given as to each item?

The Witness: Yes, sir.

The Master: In other words, instead of spending the time having Mr. O'Brien ask you what this report, for instance, is intended to show, you have stated here in the introduction what it is intended to show?

The Witness: That is correct.

The Master: And so on as to all the figures on which you rely?

The Witness: Yes, sir.

The Master: And the deductions which you

33563 have made?

The Witness: Yes, sir.

The Master: So that this statement, and the matter therein contained, and every statement made in it, is a statement made by you under oath?

The Witness: Absolutely.

The Master: Now, we will take the statement of the witness in the form prepared by him and have it copied into the testimony.

Mr. Ransom: This is subject to my objections previously indicated, and subject to the reservation of right?

33564 The Master: Yes, and with the same force and effect as if the witness had orally made the statements contained in this paper, which I understand he swears to be correct. Is that right?

The Witness: Yes, sir.

The Master: And that as to matters of opinion, they represent his opinion?

The Witness: Yes, sir.

Mr. O'Brien: Your Honor, I had not intended to offer this paper in evidence in just the form in which it has gone in, and therefore I have not the books here which I requested of the complainant, to offer in evidence as a foundation for certain figures that Mr. Little has used.

33565

The Master: I am going to let you offer them after his testimony.

Mr. O'Brien: You reserve the right to me to put them in *nunc pro tunc*, as the foundation for such figures as he may have used taken from the company's books, or their reports to the Public Service Commission?

The Master: Yes.

Mr Ransom: I consent that that be done.

Mr. Ransom: May I just raise one question on Mr. Little's testimony put in this morning. Mr. Chambers, the reporter, raises the question whether we will require the mimeographing of 33566
all this material or whether as to the report he will send it direct to the printer. We are getting the printed pages only a few days behind the mimeograph.

The Master: Yes, send it to the printer; you need not mimeograph that. Send it to the printer and in your mimeographed copy say, "Matter following will be printed direct."

The statement above referred to is as follows:

CONSOLIDATED GAS COMPANY OF NEW YORK 33567

vs.

NEWTON, ETC., *et al.*

Prepared by A. S. B. Little

Introduction

January, 1920.

My investigation was undertaken with the intention of ascertaining if the Consolidated Gas Company of New York could, with the aid of the Astoria Light, Heat and Power Company, provide all the gas required for meeting the needs of the consumers served by the complainant.

33568 This report is intended to show how gas can be economically made in this manner, and the details appearing hereinafter describe a plan of operations whereby the complainant company would not have to operate its 14th Street and 42nd Street plants, and need not secure gas from the Standard Gas Light Company, the New Amsterdam Gas Company, the Central Union Gas Company, the Mutual Gas Light Company, or from any of the other controlled gas corporations.

The various sections of the report show, in progressive steps, the capacities and outputs of the gas
33569 plants, and the expense of the Consolidated Gas Company of making or securing from the Astoria plants all the gas required.

Later figures in the report show that, with respect to the Astoria operations, I have applied certain figures taken from the books of that company in order to reach an estimate of the rate base and the annual return thereon. No attempt has been made to investigate the rate base of the Consolidated Gas Company or of the Astoria Light, Heat and Power Company. In addition to the above figures, I have set up the depreciable part of the Astoria investment, and have applied thereto a rate which in my judg-
33570 ment is sufficient and reasonable to take care of the annual requirement to cover accruing depreciation of the Astoria property.

33571

CONSOLIDATED GAS COMPANY OF NEW YORK

vs.

NEWTON, ETC., *et al.*

Before Special Master ABRAHAM S. GILBERT.

Plant Capacities and Outputs of Consolidated and Astoria Stations.

Prepared by
A. S. B. Little

CONSOLIDATED GAS COMPANY OF NEW YORK

33572

vs.

NEWTON, ETC., *et al.*

Subject: Plant capacities and outputs.

In order to get a perspective, I have started with the year 1916, as follows:

Gas Produced and Secured	M. Cubic Feet	Year 1916
Consolidated Gas Company Plants:		
14th. St. Station	1,368.0	
42nd St. "	6,305.0	
21st St. "	6,092,649.0	
99th St. "	1,062,861.0	7,163,183.0
Astoria Light, Heat and Power Co.		9,189,957.5
Secured by Agency Agreement		1,099,704.0
Total—Made & Secured		17,452,844.5

33573

33574 Some comparative figures, covering the year 1918, have been set up as follows:

Consolidated Gas Company Plants:

	M. Cubic Feet	Year 1918
14th St. Station	18,872.0	
42nd St. "	14,794.0	
21st. St. "	6,628,554.0	
99th St. "	1,325,185.0	7,987,405.0
Astoria Light, Heat and Power Co.		9,645,584.4
33575 Secured by Agency Agreement		1,895,702.8
Total—Made and Secured		19,528,692.2

In the next table appear all the figures that were available to me at the time I first investigated the 1919 production.

Gas Produced and Secured	M. Cubic Feet	8 months 1919
Consolidated Gas Company		4,395,586.0
Astoria Light, Heat and Power Co.		7,118,510.5
33576 Secured by Agency Agreement		1,190,463.4
Total—Made and Secured		12,704,559.9

For the purpose of making computations, I next set up the distribution of sales by months in the year 1918.

The Consolidated Gas Company distributed in the year 1918, gas as follows:

Month	M. Feet	M. Feet. Accumulated	%	% Accumulated
January	2,043,973.5	2,043,973.5	11.337	11.337
February	1,980,742.7	4,024,716.2	10.986	23.323
March	1,829,399.4	5,854,115.6	10.147	32.470
April	1,587,702.6	7,441,818.2	8.806	41.276
May	1,441,634.0	8,883,452.2	7.996	49.272
June	1,244,559.9	10,128,012.1	6.903	56.175
July	1,113,959.8	11,241,971.9	6.179	62.354
August	1,004,890.0	12,246,861.9	5.574	67.928
September	1,124,649.9	13,371,511.8	6.238	74.166
October	1,348,594.8	14,720,106.6	7.480	81.646
November	1,592,872.1	16,312,978.7	8.835	90.481
December	1,716,266.3	18,029,245.0	9.519	100.000
12 Months	18,029,245.0		100.000	

It will be seen from this table that the first eight months of 1918 took care of 67.928% of the yearly sales. On the same ratio, the total of gas to be made and secured for 1918 would be 18,029,245,000 cubic feet plus leakage—equals—19,386,284,900, assuming 7% of the gas made would be unaccounted for beyond the station meter.

If we assume that the daily sales are about equal to a straight average of the monthly sales, which is not stretching the imagination, then the figures secured from the foregoing table would be as follows:

	93% of Gas Avaliable Equals Sales	93% Sales & 7% Required per Month Equals 100%	Required to Produce & Secure Average per day
January	2,043,973.5	2,197,820.9	70,897,450
February	1,980,742.7	2,129,830.8	76,065,390
March	1,829,399.4	1,967,096.1	63,454,720
April	1,587,702.6	1,707,207.1	56,906,900

33580

May	1,441,634.0	1,550,144.1	50,004,650
June	1,244,559.9	1,338,236.4	44,607,880
July	1,113,959.8	1,197,806.2	38,638,910
August	1,004,890.0	1,080,526.9	34,855,710
September	1,124,649.9	1,209,300.9	34,855,710
October	1,348,594.8	1,450,101.9	46,777,480
November	1,592,872.1	1,712,765.7	57,092,190
December	1,710,266.3	1,845,447.6	59,530,570
Year	18,020,245.0	19,386,284.6	

33581 G. E. Woods testified that the maximum daily send out had been 89,000,000 cubic feet.

REPORTED PLANT CAPACITIES.

The daily capacity assumed at the present time by the executives, for each of the various plants of the Consolidated Gas Co., and of the Astoria Light, Heat and Power Co. is given below, with marks and footnotes to show those plants that I consider so expensive to run they should be taken out of our calculations:

33582

Station	Coal Gas	Water Gas	Total Capacity
14th St.	÷ 5,000,000		5,000,000
42nd St.	÷ 4,500,000		4,500,000
21st St.		≈ 27,500,000	27,500,000
99th St.		≈ 5,500,000	5,500,000
Astoria	≈ 20,000,000	≈ 30,000,000	50,000,000
Total	29,500,000	63,000,000	92,500,000
≈Total Cubic Feet			83,000,000

Note: ÷ Obsolete
≈ Considered useful capacity per day.

33583

Taking the fair figure of 300 days as the multiplier of the rated daily capacity, to get the safe capacity per annum, we ascertain that, on the basis of the above assumed capacities, the yearly make should be not less than 24,900,000,000 cubic feet.

However, the foregoing calculation is based upon the capacities assumed by the company. If nothing else should be taken into consideration, then the above figures would show that the active plants of the Consolidated Gas Co. and of the Astoria Light, Heat and Power Co. are almost sufficient to carry the monthly loads.

33584

PLANT CAPACITIES.

The capacity of the Astoria units, considered separately, has been figured by me as follows:

INCLINED REPORTS:

64 benches of 9 retorts in 8 stacks, of 8 benches 576 retorts, D shape, measuring on an average 15.75 inches high by 23.625 inches wide, in section, by 20 feet long.

Charge of coal on 8 hour carbonizing period, deep layer, 1100 pounds per retort.

Three charges per day, equal to 3300 pounds per 33585
retort per day.

3300 pounds by 576 retorts, gives 1,900,800 pounds of coal per day for the complete installation.

With 8 hour charges, the yield of gas, from fair Eastern gas coal, should not be less than 5.5 feet per pound carbonized.

1,900,800 pounds by 5.5 feet = 10,454,400 cubic feet per day.

This capacity would not be materially changed if 6 hour charges, of 800 pounds each, should be carbonized, the yield per pound being somewhat smaller

33586 and the gas being slightly higher candle power; but the candle-feet yield would not differ to any appreciable extent.

The capacity of this Inclined Retort House is rated by the company at 10,000,000 cubic feet per day, and in average work I am confident it can be maintained quite easily, making 16 candle power gas. The capacity, after the first three years, would be less at certain periods of the year.

HORIZONTAL RETORTS:

60 benches of 8 retorts in 6 stacks, of 10 benches
33587 480 retorts, D shape, measuring 16 inches, by 26 inches in cross section, 21 feet 9 inches long. Charge of coal on 8 hour carbonizing period, deep layer, 1300 pounds per retort.

Three charges per day equals 3900 pounds per retort per day.

3900 pounds by 480 retorts gives 1,872,000 pounds of coal per day.

With 8 hour charges on good coal, in horizontal retorts, the production should equal 5.55 feet per pound, as there is less degradation of the gas than in an inclined retort.

1,872,000 pounds × 5.55 feet = 10,389,600 cubic
33588 feet per day.

Capacity stated by company to be 10,000,000 cubic feet per day.

WATER GAS MACHINES. ASTORIA.

There are 12 Williamson design, Lowe type, water gas sets with 12 feet dia. generators 19′ 8″ high, 12′ 8″ carburetters 22′ 0″ high and 12′ 8″ dia. superheaters 22 feet high. The company originally rated these machines at a total of 25 million feet a day capacity, but have recently concluded they are 30 million feet capacity.

According to the inventor of these machines, the capacity per day of a 12 feet Williamson generator set, modern design, is 3,500,000 cubic feet, using good coke as fuel. With the inferior fuel available during 1917, it was shown that similar machines made an average of 2,800,000 cubic feet per day, in Chicago.

The capacities of the Astoria machines can be set down as follows:

Under best conditions, with good fuel	12×3.5	million = 42,000,000	Ft.
Under worst conditions, with poor fuel	12×2.8	million = 33,600,000	"
Claimed by company (originally)	12×1.667	million = 20,000,000	"
With Anthracite or Retort House coke	12×3.0	million = 36,000,000	"

RECAPITULATION OF ASTORIA PLANT:

Unit	Cubic Feet per Day
Inclined Retort House	10,000,000
Horizontal Retort House	10,000,000
Water Gas House (11 sets in use)	33,000,000
Total Daily Capacity	53,000,000

COMPUTATIONS AND DISCUSSION:

The plants of the Astoria Light Heat and Power Co. are not sufficiently large to produce, throughout the year, the gas required by the metered gas consumers of the Consolidated Gas Co.

We have already noted the daily make must, at times, reach close to 89 million cubic feet. It is conceded, of course, that it is not safe to rely upon the fair rated capacity of the plants for many consecutive or closely connected days, because machines must be occasionally let down for repairs other than those which are usually made during slack periods.

The great number of holders available in Astoria and New York City helps matters considerably, but this fact should not be considered to any great extent in our calculation.

33592 It is further to be considered that there is a minimum daily demand for gas during the slack season, and the operation of the combined coal gas and water gas plants must be balanced, so as to secure the maximum amount of economy and the production of standard quality gas at all times.

In operating the plants such as are used for making coal gas at Astoria, it is an axiom that they should be worked as near to capacity as is possible. On water gas operation, with a number of units available, the production conditions are more flexible, and there is not the same need for huge "makes" in order to
33593 secure the greatest efficiency. In other words, you can produce water gas almost as cheaply per unit on 6 machines as on 12, and it is this very fact which makes the availability of water gas plant so desirable as an adjunct to any coal gas plant. There are, however, other well known considerations which influence the selection of the types of plant to be installed and used, and the sizes of the units.

The minimum demand upon the production plants to meet the distribution conditions of the Consolidated Gas Co. is shown to be close to 34 million cubic feet per day, so there is ample opportunity to repair the property and get it ready each fall for the heavy
33594 winter demand.

I have thought it advisable to go into the past history of the Astoria property in order to see if it was ever worked in what may be considered the reasonable way.

The Astoria plant was put into operation in December, 1906, on the basis of a coal gas works, having a rated capacity of 20 million feet of gas per day. The annual report of the company shows to June 30, 1907, that the plant made in that period 1,007,946,000 cubic feet of gas, equal to about 50,395 days' rated capacity out of the 206 possible.

33595

but at that time the plant was just getting into operation, as shown by the reported employment of the following:

ASTORIA EMPLOYEES-JUNE 30, 1907.

Classification of Help	Average Number	Total Salaries each class - 7 months June 30, 1907.
Foremen and Assistants	11	8,344.26
Clerks, Stenographers, etc.	7	3,456.55
Messengers, Porters, etc.	7	3,478.72
Pipe Fitters and Assistants	22	4,730.54
Riggers and Helpers	3	1,479.87
Firemen	38	13,295.56
Blacksmiths and Helpers	12	3,954.80
Masons and Bricklayers	6	1,938.04
Carpenters and Helpers	3	1,693.58
Caulkers and Helpers	2	346.12
General Mechanics	30	13,013.55
Gas Makers	15	8,118.17
General Laborers	159	52,556.59
Total	315	116,406.35

33596

Make per man day, say (206×315) = 15,533 feet. 33597

In the first 7 months of operation, the New Amsterdam Gas Co., did all the enriching of the Astoria coal gas and charged $40,882.51 for this service, on 1,007,946,000 cubic feet of coal gas or .0405 per M feet; and at that time the average cost of gas oil was $.045875 per gallon. Similar records of operations for the full year of 1907 were not available to me, but in the 1909 report, there has been found certain figures that are interesting, covering the 1908 operations.

33598

Coal gas made at Astoria 3,768,023,000 cubic feet
Coal Carbonized 342,679 tons
Maximum make in 24 hours, 14,102,000 on December 23, 1908.
Minimum make 8,657,000 on September 19, 1908.
Average daily make 1908 10,295,000 feet (51.475% capacity)

The average number of men employed during the year 1908 is given below (excluding general officers):

33599

Classification of Help	Average Number	Maximum and Minimum Number
Clerical Help	29	42 to 27
Foremen	21	
Engine Men	10	
Boiler Firemen	19	
Stokers	58	
Retort House Men	58	
Other Gas Makers	12	
Caulkers	3	717 to 491
Fitters	14	
Blacksmiths and Mechanics	127	
Drivers and Stable Men	13	
33600 Watchmen, Porters, etc.	9	
Other Wage Earners	227	
Total	600	

Make per man day, say (365×600=219,000) 17,208 feet.

In 1908 the Astoria plant made, as above noted, 3,768,023,000 feet, which was equal to about 188.401 days' full capacity.

33601

In 1912 it made 4,053,307,000 feet of coal gas, equal to about 202.66 days' full capacity. In that year 401,703 tons of gas coal were used at Astoria.

During 1912 the Water Gas Plant was started, making 2,439,133,000 feet in that year. The maximum amount of coal gas made at Astoria per day in 1912, was 13,809,000 cubic feet, minimum 8,053,000 feet, whereas the water gas machines started in operation on May 3, 1912, had a maximum day of 18,067,000 feet, and a minimum of 962,000 on May 5, 1912.

During 1912 the New Amsterdam Co. received for the enrichment of gas from the Astoria Co. only 33602
$12,599.51 and there was a total of $138,594.58 for all of the coal gas enricher. These New Amsterdam figures do not look reasonable. The coal gas produced at Astoria in 1912 was equal to 14.51 candle power, the water gas was 25.78 c. p. and the average was 17.93 according to the report, this representing what is known as the "City test." The New Amsterdam Gas was 22.64 C. P. by City Test.

In 1913 the Astoria Light Heat and Power Co. made and sent to the Consolidated Gas Co. a large quantity of coal gas, the quantity being 5,323,159,000 cubic feet of 14.35 candle power. The New Amsterdam Co. furnished the equivalent of 4,591,013 gal- 33603
lons of oil to enrich part of the Astoria coal gas, besides which the Astoria water gas plant made 5,048,895,000 feet of carburetted water gas, using 24,234,597 gallons of oil to make 26.51 candle power water gas. The New Amsterdam Co. charged the Astoria Co. for the above enriching expense $13,026.11 but it did not thoroughly enrich the gas as shown by the following table:

	M. Cubic Feet	Candle Power
Astoria Coal Gas	5,323,159	14.35
Astoria Water Gas	5,048,895	26.51
New Amsterdam	3,960,476	22.61
Total	14,332,530	20.92

GAS MADE, SENT OUT, C. P. and SIMILAR DATA YEAR 1919.

Taken from records of Astoria Light Heat & Power Co.

Month	Coal Gas Made	Plant A C P	Coal Gas Made	Plant B C P	Water Gas Made	Plant C C P	Gas to Ravenswood From Astoria
1 January	308,978,000	14.07	140,754,000	12.70	638,707,000	26.15	195,780,300
2 February	278,177,000	13.88	127,898,000	12.38	560,735,000	27.22	164,193,700
3 March	301,922,000	14.00	140,552,000	12.42	622,013,000	25.74	145,905,300
4 April	272,589,000	14.38	130,317,000	12.56	591,365,000	22.72	130,289,100
5 May	221,568,000	14.98	126,882,000	13.43	526,040,000	25.21	126,856,100
6 June	186,136,000	15.19	136,876,000	13.39	422,663,000	25.17	142,729,700
7 July	132,561,000	15.70	150,369,000	14.08	411,314,000	25.23	141,387,800
8 August	150,946,000	16.18	136,628,000	14.60	412,912,000	25.07	171,920,900
	1,852,877,000	14.585	1,090,276,000	13.21	4,184,849,000	25.74	1,217,062,900

	Gas to Bronx	C P	Coal Gas A & B	Enriched by C	C P of C	Co
1	891,039,400	23.07	449,732,000	523,951,700	26.15	$
2	799,648,100	23.71	406,075,000	241,881,300	27.22	
3	923,945,100	22.92	442,474,000	289,568,700	25.74	
4	864,529,100	21.39	402,906,000	272,616,900	22.72	
5	745,815,700	22.69	348,450,000	221,593,900	25.21	
6	605,752,500	22.50	323,012,000	180,282,300	25.17	
7	540,464,000	22.34	282,930,000	141,542,200	25.23	
8	530,253,700	22.51	287,574,000	115,653,100	25.07	
	5,901,447,600	22.86	2,943,153,000	1,726,090,100	25.74	$1

The following table, based on the above, shows the per cent of monthly make to monthly capacity on the coal gas plants and on the water gas plant at Astoria; and in the last two columns the total make of gas with the per cent of capacity:

Month	Coal Gas Made	% Capacity	Water Gas Made	% Capacity	Total	% Capacity
1 January	449,732,000	72.537	638,707,000	62.43	1,088,439,000	6.24
2 February	406,075,000	72.513	560,735,000	60.68	966,810,000	65.15
3 March	442,474,000	71.366	622,013,000	60.80	1,064,487,000	64 78
4 April	402,906,000	67.151	591,365,000	59.73	994,271,000	62.53
5 May	348,450,000	56.201	526,040,000	51.42	874,490,000	61.43
6 June	323,012,000	53.835	422,663,000	42.69	745,675,000	54.20
7 July	282,930,000	45.634	411,314,000	40.20	694,244,000	48.96
8 August	287,574,000	46.383	412,012,900	40.27	699,586,000	49.14
	2,943,153,000	60.559	4,184,849,000	59.82	7,128,002,000	59.31

33607

Cost to enrich gas at Ravenwood.

$25,831.27	MB	$.13194 per M.
24,308.54	MB	.14805 " "
20,522.89	MB	.14261 " "
16,785.71	B	.12883 " "
14,408.01	B	.11358 " "
15,645.88	MB	.10962 " "
13,021.80	V	.09210 " "
14,488.91	V	.08428 " "
$145,013.01		$.11915 per M.

33608

make to
and in

% Capacity

6.24
65.15
64.78
62.53
61.43
54.20
48.96
49.14

59.31

33609

33613

November	100	10,000,000	300,000,000
December	100	10,000,000	310,000,000
Weighted Averages and Totals per year	85.3%	8,531,232 Average	3,113,750,000 per year

HORIZONTAL RETORTS:

On the horizontal retort house, there are 6 stacks of 10 benches; with 480 retorts having a life of 1,095 days, then 160 retorts, or 20 benches, can be let down during the slack months for rehabilitation. That means 2 of the 6 stacks may be out of use for some part of 5 months as noted in the remarks concerning the inclined retort plant. It could be arranged, if it should really be necessary, to repair the inclines at a time when the horizontals were in use, but that need only be considered if there was an unusual demand for gas in the summer months. We would then ordinarily have a coal gas load as follows:

33614

ECONOMICAL AND EFFICIENT OPERATING METHODS.

HORIZONTAL RETORT HOUSE B.

33615

Month	% of Plant Active	Feet per day	Feet per month
January	100.0	10,000,000	310,000,000
February	100.0	10,000,000	280,000,000
March	100.0	10,000,000	310,000,000
April	100.0	10,000,000	300,000,000
May	66.7	6,670,000	206,770,000
June	66.7	6,670,000	200,010,000
July	66.7	6,670,000	206,770,000
August	66.7	6,670,000	206,770,000
September	75.0	7,500,000	225,000,000
October	100.0	10,000,000	310,000,000

33616

November	100.0	10,000,000	300,000,000
December	100.0	10,000,000	310,000,000
Weighted Average & Totals	86.72 % per year	8,672,100 average	3,165,320,000 per year

In the next following table I have set up the load per month, for a yearly sale of 22 billions of feet, making the requirements to cover unaccounted for gas 23,660,000,000 feet, which has been divided into months on round percentages as discovered by a

33617 previous table:

ESTIMATED REQUIREMENTS FOR 1920, BY MONTHS.

Month	Per cent	Amount in Feet
January	12	2,839,200,000
February	11	2,602,600,000
March	10	2,366,000,000
April	9	2,129,400,000
May	8	1,692,800,000
June	7	1,656,200,000
July	6	1,419,600,000
August	6	1,419,600,000
33618 September	6	1,419,600,000
October	7	1,656,200,000
November	8	1,892,800,000
December	10	2,366,000,000
	100	23,660,000,000

WATER GAS: We have shown the amount of coal gas it is desirable and possible to make on each house. It is now necessary to compare this with the amount of gas needed. With these two factors available we can then discover the third, and ascertain the amount of water gas that will have to be made.

TABLE OF COAL GAS CAPACITIES AND GAS REQUIREMENTS.

Month	Inclined A	Horizontal B	Water Gas Required	Machines Required	R
January	310,000,000	310,000,000	2,219,200,000	22	2,
February	280,000,000	280,000,000	2,042,600,000	23	2,
March	310,000,000	310,000,000	1,746,000,000	18	2,
April	300,000,000	300,000,000	1,529,400,000	16	2,
May	193,750,000	206,770,000	1,492,280,000	15	1,
June	187,500,000	200,010,000	1,268,690,000	13	1,
July	193,750,000	206,770,000	1,019,080,000	10	1,
August	193,750,000	206,770,000	1,019,080,000	10	1,
September	225,000,000	225,000,000	909,600,000	10	1,
October	310,000,000	310,000,000	1,036,200,000	11	1,
November	300,000,000	300,000,000	1,292,800,000	14	1,
December	310,000,000	310,000,000	1,746,000,000	17	2,
Year	3,113,750,000	3,165,320,000	17,320,930,000		23,

Having set up the amount of gas that could be made, I will append a comparable table showing these figures alongside the actual figures for the first 8 months of 1919:

PRODUCTION AT ASTORIA.

Inclined Retorts A		Horizontal Retorts B		Water Gas C‡	
Suggested	Actual	Suggested	Actual	Suggested	Actual
310,000,000	308,978,000	310,000,000	140,754,000	2,219,200,000	638,707,000
280,000,000	278,177,000	280,000,000	127,898,000	2,042,600,000	560,735,000
310,000,000	301,922,000	310,000,000	140,552,000	1,746,000,000	622,013,000
300,000,000	272,589,000	300,000,000	130,317,000	1,529,400,000	591,365,000
193,750,000	221,568,000	206,770,000	126,882,000	1,492,280,000	526,040,000
187,500,000	186,136,000	200,010,000	136,876,000	1,268,690,000	422,663,000
193,750,000	132,561,000	206,770,000	150,369,000	1,019,080,000	411,314,000
193,750,000	150,946,000	206,770,000	136,628,000	1,019,080,000	412,012,000

NOTE: ‡It is of course realized that the amount of water gas required cannot all be made at Astoria with the existing plant, but the C plant could be worked to greater capacity as shown below.

33625

Month	Water Gas Required to be Made	Water Gas Capacity 11/12 of Astoria	Water Gas Made at Astoria	Water Gas Required Above Astoria Capacity	Extra Number of 12 Foot Sets
January	2,219,200,000	1,023,000,000	638,707,000	1,093,900,000	12
February	2,042,600,000	924,000,000	560,735,000	1,026,200,000	11
March	1,746,000,000	1,023,000,000	622,013,000	620,700,000	7
April	1,529,400,000	990,000,000	591,365,000	440,400,000	5
May	1,492,280,000	1,023,000,000	526,040,000	367,240,000	4
June	1,268,690,000	990,000,000	422,663,000	179,690,000	2
July	1,019,080,000	1,023,000,000	411,314,000		
August	1,019,080,000	1,023,000,000	412,012,000		
September	909,600,000	990,000,000	no data		
October	1,036,200,000	1,023,000,000	no data	13,200,000	1
November	1,292,800,000	990,000,000	no data	302,800,000	4
December	1,746,000,000	1,023,000,000	no data	723,000,000	8

33626

ADDITIONAL GAS: Having set up the foregoing tables it is necessary to show where and at what the various operations can be carried on, giving due heed to the present conditions surrounding the gas plants, and to the market prices for labor and materials.

In section 2 of this report will be found the detailed tables of operating expense, set up separately for each kind of plant at the various stations.

In selecting the arrangement of plant and conditions of operation which appear in the report I have had into consideration that the 21st Street plant will have to continue in operation during the remainder of the winter months. My calculations show the plant is needed daily, but it is to be noted that the equipment could be gradually removed to Astoria during the slack months, beginning next spring, thus carrying out the plan originally proposed and referred to by Wm. Addicks in 1905. In May it would be possible to start on such a plan of removal, at that time use being made of the 99th Street production plant needed, some of the New Amsterdam Company's gas could be used to supplement the load carried by the Astoria and 99th Street plants, but this plan need only be put into effect during emergency periods. The transferred equipment could be ready for operation at Astoria by the end of September, but might not be required until November if the weather did not get very cold.

33627

An alternative plan would be, to start moving the 99th Street plant equipment next spring and get it ready for operation next winter, operating the 21st Street plant as much as needed and taking some gas from Ravenswood if desired.

The general plan will appear in more detail later.

CONSOLIDATED GAS COMPANY OF NEW YORK

vs.

NEWTON, Etc., *et al.*

Before Special Master Abraham S. Gilbert.

PRODUCTION COSTS

Section 2.

Prepared by

A. S. B. Little.

Production Costs Continued:

OPERATION OF PLANT A—INCLINED RETORTS

To produce 3,113,750,000 Cubic Feet of Gas Per Annum.

Item	Description of Item	Unit	Total Units	Unit Cost	Cost	$ per M Cu. Ft.
1	Supervision	Force	1	Detail	$15,200	.0048816
2	General Foremen	Day	730	$ 8	5,840	.0018755
3	Locomotive Men	"	1460	5	7,300	.0023445
4	Conveyor Men	"	1460	4	5,840	.0018755
5	Helpers on Coal Pile	"	1460	4	5,840	.0018755
6	Weighers	"	730	4	2,920	.0009378
7	Men on Charging Floor	"	7473	423	31,617	.0101540
8	Men on Drawing Floor	"	14052	4	56,208	.0180516
9	Helpers for Quenching	"	2190	4	8,760	.0028133
10	Hydraulic Main Men	"	1460	4	5,840	.0018756

Ash pit men	"	2920	4	11,680	.0037511
Mechanic on Coke Elevator	"	730	5	3,650	.0011722
Coke Elevator Helpers	"	1095	4	4,380	.0014067
Flue Cleaners	"	730	4	2,920	.0009378
Cadet Engineer	Year	1	2,000	2,000	.0006423
Maintenance Labor	Day	5335.6	5	26,678	.0085678
Labor for Steam	"	2190	4	8,760	.0028133
Purification Labor	"	1460	4	5,840	.0018755
Exhauster & Machine Men	"	2920	4	11,680	.0037511
Total Labor—Plant A				$222,953	$ .0716027

ERIALS:

Description of Item	Unit	Total Units	Unit Cost	Cost	$ per M Cu. Ft.
Coal for Retorts	Ton	300,000	$5.28	$1,584,000	$ .5087114
Bench Fuel	"	39,000	6.47	252,330	.0810373
Water for All Purposes	M Ft.	3,113,750	.005	15,569	.0050000
Purification Materials	"	3,113,750	.004	12,455	.0040000
Boiler Fuel	Ton	5,449	4.000	21,796	.0070000
Miscellaneous Expense	M Ft.	3,113,750	.004	12,455	.0040000
Power and Light	"	3,113,750	.002	6,228	.0020000
Maintenance Materials	"	3,113,750	.010	31,137	.0100000
Total—Production Materials				$1,935,970	$ .6217487

33634

Production Costs Continued: (Section 2.)

OPERATION OF PLANT A—INCLINED RETORTS

Continued.

By-Product & Residuals Credits:

Item	Description of Item	Unit	Total Units	Unit Cost	Cost	$ per M Cu. Ft.
30	Coke less Breeze (8.5-1.75)	Ton	178,000	$6.75	$1,201,500	
31	Breeze (4.25-25)	Ton	20,000	4.00	80,000	
33635 32	Tar, less Handling	Gals.	3,600,000	.04	144,000	
33	Ammonia, less Handling	lbs.	1,800,000	.04	72,000	
34	Total—Credits				$1,497,500	$ .4809314
35	Net Cost of Materials				$ 438,470	$ .1408173
36	Labor and Materials				$ 661,423	$ .2124200
37	Cost of Enriching (1.25 per M x 8.06-.18 x .04)			$ .0678	211,112	.0678000
38	Net cost in holder of standard gas, not allowing for leakage and other gas made but not accounted for beyond the station holder.				$ 872,535	$ .2802200

33636

33637

Production Costs Continued:

MAKE UP OF COSTS FOR PLANT A— INCLINED RETORTS

1. Supervision. This force would consist of a superintendent at $8,000 per annum. Half time of a mechanical engineer and of an assistant superintendent $4,800 and half time of two clerks and two stenographers at $1,200 each, or $2,400, a total expense of $15,200 per annum.

2. General Foreman. I have provided for one general foreman on each of two 8 hour shifts. 33638

3. Locomotive Men. I allowed in this estimate for 16 hours, total of 4 men. They are employed on the two engines which take coal from dock or coal pile, and deliver it to the conveyors feeding overhead hoppers, and two on the elevators.

4. Conveyor Men. As coal is lifted it has to be diverted to the proper hoppers and placed in the spares therein which need it from time to time. On 2 shifts of 8 hours there would be one man on each unit, 2 units=2 men per shift or 4 all told.

5. Helpers on Coal Pile. Working on 8 hours shifts, 2 shifts a day and 2 men to each shift, requires 4 men. Their work is more or less general, being required for trimming the pile and cleaning up, moving cars if necessary and they also form the casual labor for the coal handling plant. 33639

6. Weighers. I believe all coal sent to overhead lines should be weighed, and for this purpose have provided for one man on each of 2 shifts, say two men all told. They operate track scales

33640 7. Men on Charging Floor. There are 8 benches to a stack. One man on each shift, 3 shifts in 24 hours, can easily charge 72 retorts. They could charge 96 if the plant was laid out that way. I have allowed:

3 men, 8 stacks	24 men	for 212 days	5088
3 men, 5 stacks	15 men	for 123 days	1845
3 men, 6 stacks	18 men	for 30 days	540
		365 days	7473

33641 8. Men on Drawing Floor. The force would be almost double the above except for the time part of the 2 or 3 stacks let down were being brought back to the proper charging time. The men do not have to display the same intelligence in their duties as is required from the chargers and it is not necessary to pay them more than the casual labor gets.

9. Helpers for Quenching. This labor is comprised in 3 shifts of 8 hours, on each of 2 units, one man on each or in other words $3 \times 2 = 6$. These men need not put in all their time on such work, and can be used for calcitrant charges of coke and for assisting in the main clinkering operations, ash disposal, etc. They attend to the sprinklers.

33642 10. Hydraulic Main Men. The hydraulic main is the throat of the gas making plant and must be kept clean. In most plants, attention is given to it only when trouble appears, but I provide men for working on the cleaning pockets, on two 8 hour shifts, assuming 1 man on each line of stacks, making 4 men per diem. These men also clean stand pipes.

11. Ash Pit Men. In most plants the men on the drawing floor have to look after the producer fires, but as it is a fact that good gas and lots of it can only

33643

be obtained when plenty of producer gas of the right quality is sent to the combustion chambers, I have allowed for 2 men on each line of stacks, working on 2 shifts, or 8 men all told, for keeping the fires clean. (See also men under Item 14.)

12. Mechanic on Coke Elevator. As the coke is delivered from the drag conveyors it must be taken care of by the storage elevators. I have provided for one man on 2 shifts, to keep this plant in tune.

13. Coke Elevator Helpers. I have allowed for one man on each of 3 shifts, for assisting the machinists in the 2 shifts and for individual work on the third. 33644

14. Flue Cleaners. To get a good recuperation in the benches, and for regulating the air and gas passage, I have included in the estimate one man on each of 2 shifts.

15. Cadet Engineer. A plant of this size should always have at least one cadet engineer on it, in regular employment, as his services are particularly valuable in assisting the superintendent to get the best results.

16. Maintenance Labor. This provides for resetting 576 lengths of retorts each year, with 600 labor 33645
days for masons and 900 days for helpers, costing about $9,300.00. Ironwork would have to be cleaned and other equipment needs rehabilitation, costing $3,100.00 a year. Besides this force of men the necessary skilled and unskilled labor is to be provided for keeping the machinery in good operating condition. To cover this I allow for $12,500 of labor. Minor equipment needs attention and for this I set aside $2,000.

33646

17. Labor for Steam. This is an apportionment of the boiler house labor, and is based upon 2 men on each shift, 3 shifts, making 6 men per diem.

18. Purification Labor. This is an average of the experience in several plants.

19. Exhauster and Machine Men. To keep the gas machinery, the condensers, washers and scrubbers in good operating tune, and for recording temperatures, I have included the services of 2 men on 2 shifts, or 4 in all.

33647

21. Coal for Retorts. I have figured this at $5.28 a net ton, including handling and stores expense. In 1918 the cost per gross ton averaged $4.84746, plus $.15886 for handling, a total of $5.00632 per gross ton ($4.467518 per net ton). In the first 8 months of 1919 the price per gross ton was $5.717664, plus $.19408 for handling a total of $5.91174 (or $5.27834 per net ton of 2,000 lbs.). I used the round price of $5.28 per net ton. At the same time, I believe the handling charges are excessive, because it must follow that, if the plant can handle more tons per annum than in the past with no more labor, the cost per ton must be lowered. Instead of being over 10c a ton, this coal handling should not cost above

33648

8c per ton.

22. Bench Fuel. I have assumed that hot coke will be delivered direct from some of the retorts into the gas producers under the drawing floor level. The company in its 1918 records shows only 207 pounds of bench fuel per ton of coal carbonized. This is surely a mistake. I have allowed 260 pounds per ton of coal which agrees with the best practice. Coming directly from the retorts this hot fuel is naturally a mixture of coke and breeze. It requires no labor to handle other than that already provided for in dis-

charging the retorts. If the price is either higher or lower than I have used, then the credit for the residuals would be correspondingly changed, leaving the net production cost the same. 33649

23. Water for all Purposes. This is an average based upon experience.

24. Purification Materials. This is quite a minor item and I have adopted a figure shown to be ample by good practice in coal gas plants.

25. Boiler Fuel. This would necessarily be an apportionment between the two coal gas production units, *i. e.* inclined retorts, and horizontal retorts; and the allowance is ample, on the reasonable assumption that the breeze from the coke would be used under the boilers. 33650

26. Miscellaneous Expense. This item covers a multitude of things. The account is usually a dumping ground for all small charges not covered by specific classification in the uniform system of accounts. The sum used is my best judgment after experience in other plants.

27. Power and Light. The amount shown has been arrived at on the assumption that all electricity would be purchased. If it is made on the plant the cost might be less than I have shown. 33651

28. Maintenance Materials. This figure of 1¢ per M cubic foot is ample to take care of all materials for current maintenance, but it does not provide for materials to be purchased when required for the renewal of the entire production plant. In other words it does not embrace the requirement to meet accruing depreciation, but provides sufficient money to keep the benches in good operating condition up to the time the whole plant is discarded.

33652 30. Coke. I have concluded after studying this question, that the 8 hour coke from the retorts should readily sell for $8.50 per ton, delivered. The charge of $1.75 per ton is ample to cover handling charges out of the storage bunkers, plus lighterage to Manhattan and selling cost. This coke could be sold to industrial users and commercial customers if it was advertised and properly prepared. It need not be sold in the city or suburbs, as good quality retort coke is a very desirable fuel.

In connection with this coke it will be noticed I have made no separation lump, stove, egg and nut
33653 coke, when setting up the fair selling price. I assume however that the company would adopt this sensible plan of marketing a coke in the form demanded by particular consumers of fuel. A conglomeration of coke and breeze consists of carbon lacking selling features.

31. Breeze. It is further to be observed that I have made an allowance of slightly over 10% of the coke in the form of breeze, putting a market value of $4.25 per ton on this because it would be a substitute for boiler coal. To get it from the screens to the boilers I allow 25¢ per ton handling charge. Summing up this residual credit it will be seen that for
33654 198,000 tons of commercial coke I have used the net income of $1,281,500 so that the average credit per ton is only $6.472 (plus).

32-33. Tar and Ammonia. The credit is based upon the price being received for these commodities, less my estimate of the operating costs.

37. Cost of Enriching. The company does not show this cost separated from the water gas carburetting cost in the plant A operations. I have proceeded on the assumption, based upon good practice, that to enrich 7 1/2 candles there would be required oil,

producing in the water gas 6 candles per gallon of oil used. That means 1.25 gallons of oil are needed to enrich each 1,000 feet of coal gas. The cost of the oil has been figured at 6¢ per gallon, as will be explained. From the oil there would be available .18 gallons of tar oil, which I have figured at the same price as for coal tar. There would also be close to 85 feet of gas made by this extra gas oil but I have not credited this to the coal gas operations. 33655

CONSOLIDATED GAS COMPANY OF NEW YORK 33656

vs.

NEWTON, Etc., *et al.*

Before Special Master, Abraham S. Gilbert.

PRODUCTION COSTS

Section 3.

Prepared by

A. S. B. Little. 33657

33658

CONSOLIDATED GAS COMPANY OF NEW YORK

vs.

NEWTON, Etc., *et al.*

SUBJECT: Production Costs, Section 3.

This section of the exhibit on production relates exclusively to the operation of the Horizontal Retort House B, at Astoria, but should be considered in conjunction with the first two sections of this exhibit.

33659 It has been shown that this horizontal retort house consists of 6 stacks of through 21'-0" retorts, settings of "vertical eights," 10 benches to each stack, making 480 D-shape retorts, capable of producing per annum 3,165,027,000 cubic feet of 16 candle power illuminating gas. The records show the house has not been operated to anything like the rated capacity, and that the results per pound of coal carbonized have been quite poor. The candle power has been remarkably low, and in view of the poor state of maintenance on these benches, as disclosed during my recent visit, the facts observed are not a matter of much wonder.

33660 These horizontal retorts should give at least as good results as the inclined retorts if they were rehabilitated as to the retorts and furnaces, and if the antiquated West design of charging machine was abolished. This was a good style of charging device in its day—but that day was 10 years ago.

This horizontal retort plant is obsolete in some of its most important details, but it can fortunately be rehabilitated along the following lines:

The settings should be torn out, furnaces built on one side only, one set of hydraulic mains ought to

be discarded, and the retorts should be charged and discharged from one side instead of from both sides. To do this, De Brouwer projector, or Fiddes Aldridge, or Gibbons chain type chargers should be installed.

OPERATION OF MODIFIED PLANT B. HORIZONTAL RETORTS

To Produce 3,165,027,000 Cubic Feet of Gas Per Annum.

Item	Description of Item	Unit	Total Units	Unit Cost	Cost
	MATERIALS:				
1	Supervision	Force	1	Detail	$15,200
2	General Foremen	Day	730	8	5,840
3	Locomotive Men	Day	1,460	5	7,300
4	Conveyor Men	Day	1,460	4	5,840
5	Helpers on Coal Pile	Day	1,460	4	5,840
6	Weighers	Day	730	4	2,920
7	Men on Charging Floor	Day	6,570	4.666	30,660
8	Men on Discharge Floor	Day	13,140	4	52,560
9	Helpers for Quenching	Day	4,380	4	17,520
10	Hydraulic Main Men	Day	1,460	4	5,840
11	Ash Pit Men	Day	2,920	4	11,680
12	Mechanics on Coke Elevator	Day	730	5	3,650
13	Coke Elevator Helpers	Day	1,095	4	4,380
14	Flue Cleaners	Day	730	4	2,920
15	Cadet Engineer	Year	1	2000	2,000
16	Maintenance Labor	Day	5,000	5	25,000
17	Labor for Steam	Day	2,190	4	8,760
18	Purification Labor	Day	1,460	4	5,840
19	Exhauster & Machine Men	Day	2,920	4	11,680
	Total—Labor, Plant B				225,430

3664

21	Coal for Retorts	Ton	300,000	5.28	1,584,000	.5004696
22	Bench Fuel	Ton	37,500	6.47	242,625	.0766581
23	Water for all Purposes	M Ft.	3,165,027	.005	15,825	.0049999
24	Purification Materials	M Ft.	3,165,027	.004	12,660	.0039999
25	Boiler Fuel	Ton	5,449	4.	21,796	.0068863
26	Miscellaneous Expense	M Ft.	3,165,027	.005	15,825	.0050000
27	Power and Light	M Ft.	3,165,027	.005	15,825	.0050000
28	Maintenance Materials	M Ft.	3,165,027	.011	34,815	.0110000
29	Total—Production Materials				1,943,371	.6140140

3665 By-Product and Residual Credits:

30	Coke less Breeze (8.5-1.75)	Ton	178,000	6.75	1,201,500	
31	Breeze (4.25-.25)	Ton	20,000	4.00	80,000	
32	Tar, less Handling	Gals.	3,600,000	.04	144,000	
33	Ammonia, less Handling	Lbs.	1,800,000	.04	72,000	
34	Total Credits				$1,497,500	$ .4731397
35	Net Cost of Materials				$ 445,871	$ .1408743
36	Labor and Materials				$ 671,301	$ .2120996
37	Cost of Enriching (1.25x6-.18x4)			$ .0678	214,589	.0678000

3666

38	Net cost in holder of standard gas, not allowing for leakage or other gas made but not accounted for beyond the station holder	$ 885,890	$ .2708996

33667

Items 1-2-3-4-5 and 6. From supervision expense to and including the weighers I have allowed the same number of men, at equal cost, as in the Inclined Retort House. As a matter of fact, the locomotive men, helpers and weighers, and possibly the foremen could be common to the two retort houses, but to be on the safe side there has been allowed a full crew to each plant section.

7. Men on Charging Floor. At this Point the class of labor for the B plant differs from that required on the gravity feed plant A. I have allowed for mechanics to operate DeBrouwer type of charging machines from one side of each row of stacks. Such a machine can charge a retort with ease every 40 seconds, so the actual operating time of each machine per 24 hours would be 480 retorts ÷ by 2 = 240 retorts to be filled 3 times a day, or 720 charges per diem per machine, × 40, seconds=28800 seconds,=480 minutes, or 8 hours. Two spare chargers would be kept ready for immediate use if one of the active machines broke down.

33668

On two machines, 3 shifts per day, a total of 6 mechanics would be required. This number would be needed even when a goodly part of the plant was shut down. On the charging floor I also provide to each machine one helper for opening doors and sweeping floors. The mechanics would get $5.00 a day and the helpers $4.00, making the average man-day cost $4.50. There would be 12 men all told, making 4,380 man-days to be paid for on the charging floor, for feeding the retorts. There would also be 6 men in the 24 hours for operating the pushers in the discharge of the coke, this meaning another 2,190 man-days at $5.00.

33669

8. Men on Discharge Floor. For opening doors on retorts, moving the baffle chute to feed coke into producer, and to direct coke by means of shields into the

33670 hot coke conveyors, I have figured the cost for 6 retort men to each line of three stacks, on each shift, or 12 men by 3=36 men, a total of 13,140 man-days per annum. These men also place the stops in the retorts.

9. Helpers for Quenching. In addition to the use on 1 man on each shift, for each row of stacks, or 6 men in all, to quench the coke and sweep up the spillings, I have allowed for 6 men to do the scurfing, because this work is more arduous on horizontal retorts than on properly operated inclines, because there is no natural draft of air through such horizontal retorts.

33671 For these two purposes there will therefore have to be allowed 4,380 man-days per year.

Items 10 to 15, both inclusive, are identical with those set up in Section 2 of this exhibit, and cover the cost of men for cleaning the hydraulic mains, for clinkering the fires, to take care of coke elevating and storing, and to clean and regulate the flues of the recuperators. The cadet engineer is also provided for general work.

16. Maintenance Labor. On account of the silica retorts that are used in the Horizontal House, the repairs and maintenance would not be quite so great on

33672 them as on the inclined retorts. On the other hand, the repairs to drawing for pusher machines would be greater than on the chutes of the inclined retort house. The maintenance on conveyors would be about the same. All these things were taken into account in setting up the cost of Item 16.

Items 17, 18, 19, are identical with those included for Plant A. It is to be understood that the labor on each plant might vary slightly but inasmuch as the work should be apportioned between the two plants, a slight modification to the two would not affect the total cost.

21. It will be noticed that I have used identical amounts of coal in the two plants A and B, and yet

33673

figured somewhat different quantities of gas produced in each. This is accounted for by the ability of the horizontals to work at a slightly better pressure condition.

22. Bench fuel is less in B than in A. Inclines take more coke than horizontals, owing to the greater difficulty of maintaining even heats in "Slopers."

Items 23, 24, 25 are identical in the two plants, and in this connection I refer by way of explanation to the remarks reply to Items 17, 18 and 19.

26. The miscellaneous expense is a trifle higher in the horizontal retort house, than in Plant A, the reason being that there would be more oil, grease and cotton waste used on the mechanical charging machinery than on the gravity feed plant in the A house. 33674

27. More electric power has been allowed, for driving the projection machine and the ram, these pieces of mechanical equipment not being in evidence in the A house.

28. Maintenance materials are higher, because, while the repairs to the refractodies would be less in Plant B than in Plant A, the additional materials for repairing the mechanical equipment would be more than enough to offset this decline. 33675

Items 29 to 33. Credits for residuals. Having used the same amount of coal on the two houses, it is natural that the residuals should not differ in amount or price.

37. Cost of Enriching. I have figured 6 candles per gallon of oil used in the water gas machines. To enrich by 7 1/2 candles will therefore call for the use of 1.25 gallons of oil extra to the regular quantity required for carburetting the water gas at 6¢ per gallon that means 7.50¢ less tar oil produced; .18 gallons at 4¢ or .72 cents credit, making the net cost per M feet of gas 6.78¢.

33676

CONSOLIDATED GAS COMPANY OF NEW YORK

vs.

NEWTON, ETC., *et al.*

Subject: PRODUCTION COSTS

Section 4

Prepared by A. S. B. Little

January, 1920.

Consideration having been given in the preceding sections of this report to the fair operating capacities
33678 of the coal gas and water gas plants, to the requirements of the Consolidated Gas Company for the coming 12 months, and to the production costs at the Astoria coal gas plants, it is now necessary to ascertain as closely as possible the fair cost of producing the water gas in amount sufficient to make up the deficiency of the retort plants.

After careful consideration, it appeared to be incumbent upon this witness first to set up the cost fairly to be calculated for producing at Astoria as much water gas as can consistently be made there with the present plant equipment and facilities.

This section of the report will therefore be devoted
33677 to a detailed set up of the production costs of the C plant at Astoria, where there are installed, as already mentioned, twelve modern Williamson design of Lowe type water gas sets, complete with buildings, up-to-date coal and coke handling equipment, waste heat boilers, and a fairly good arrangement of turbines and blowers.

It has of course been assumed that this plant will operate with coke as the generator fuel, said coke being furnished from the coal gas plant as a residual product. The present supply of such coke leaves a good deal to be desired from the viewpoint of size, but I should have no reason to assume that the quality is poor, because first class coal is purchased for carbonizing purposes in the retorts.

With this preliminary statement the following table may be considered.

OPERATION OF ASTORIA WATER GAS PLANT

To Produce 12,000,000 Feet of Gas in the Year

(Calculated Fair Operating Capacity 12,045,000,000 feet.)

Description of Item	Unit	Total Units	Unit Cost	Cost $	$ p
Supervision	1	force	detail	15,200	
Boiler house labor	M ft.	12,000,000	.005	60,000	
Generator house labor	day	18,980	4.5	85,410	
Coke Conveyor men	"	2,920	4.5	13,140	
General Foremen	"	730	8	5,840	
Locomotive men	"	1,460	5	7,300	
Weighers	"	730	4	2,920	
Cadet Engineers	year	2	2,000	4,000	
Maintenance labor	1	detail	detail	54,470	
Maintenance labor (general)	1	detail	detail	60,000	
Purification labor	M ft.	12,000,000	.0015	18,000	
Exhauster & Machine Men	day	3,285	5	16,425	
Total labor	all	above	detail	342,705	
Boiler fuel	all	detail	detail	260,000	
Water	M ft.	12,000,000	.005	60,000	
Generator coke	ton	192,000	6.75	1,296,000	
Gas Oil	gals.	48,000,000	.06	2,880,000	
Purification material	M ft	12,000,000	.003	36,000	
Power and light	"	12,000,000	.002	24,000	
Miscellaneous material	"	12,000,000	.005	60,000	
Maintenance material	all	detail	detail	78,000	
Total material				4,694,000	
Credit for residuals	gals.	7,200,000	.04	288,000	
Net material cost				4,406,000	
Total, Labor & Materials				$4,748,705	

33682

Item 1. Supervision: For this force I have included the same number of men at the same rate of pay as appears in this Item 1 on the retort plant.

Item 2. Boiler House Labor. I have figured 6 men on 3 shifts, or 18 men for boiler work, this being very liberal. In this section there has also been provided 2 pump men on each shift or say 6 men in all. I also allow for 2 boiler house foremen per day, 4 men per day for hauling away ashes, and 2 additional handy men for such things as flue cleaning, etc. All told this amounts to 32 men on 8-hour shifts, at an average cost of $5.00 per man-shift.
33683 The total would be 1,780 days at $5.00, equal to $58,900 per annum, or just less than 1/2 a cent per M. cubic feet.

Item 3. Generator House Labor: Taking 11 machines in use, one man for each operating floor on each shift, we get 33 men as the requirement for this part of the work. 2 men are also allowed to get the coke to the automatically fed machines, a total of 6 men on 3 shifts. For clinkering the fires I have provided for 3 hours on each machine per day, or 33 hours total, with 2 men on each gang or 66 hours work per day, dividing by 8-hour shifts,
33684 making the requirement just over 8 men engaged, say 9 all told. I further contemplate 2 men on each 2 shifts, or 4 in all, for getting the coke into the hoppers. Adding the above the total arrived at is 52 men, 365 days a year, or 18,980 man days at an average cost of $4.50 per day.

Item 4. Coke Conveyer Men: I have included 2 mechanics to take care of the belt conveyors on two 8-hour shifts, or 4 men at $5.00 per day and 4 helpers at $4.00 per day.

Item 5. General Foremen: Two men all told, or one on each of two 8-hour shifts.

33685

Item 6. Locomotive Men: On this section of the work there has been provided the services of two men on each of two 8-hour shifts to haul coke in cars from the retort house bins and locate it over the conveyor pit.

Item 7. Weighers: To properly tally every ton of coke that is delivered to the storage hoppers which feed the buggies that work in connection with the water gas generators, weighers are required, although this work might really be done better if left to the weighers already provided for the coal gas plants.

Item 8. Cadet Engineers: Two of these budding superintendents have been recommended on this section of the plant. 33686

Item 9. Maintenance Labor: This particular labor is for the water gas machines, to clean checker work each 1,000 hours and to reline the blocks and brick shapes in the lower parts of the generators every 2,000 hours. There is also provided labor for maintaining the machinery portion, on the basis of 10% per annum on the estimated cost of 12 machines, $30,000.00 each in place, in other words $36,000.00 a year is provided for the labor and material on this section alone, and it seems reasonable to divide this half to labor and half to material. 33687

Allowance:

Mason	710 hours	x 8	$ 5,680
Helpers	2,130 "	5	10,650
Cleaners	2,130 "	5	10,650
Relining	580 "	8	4,640
Helpers	970 "	5	4,850
Total for Refractories			$36,470
Equipment			18,000
Total labor			$54,470

33688

Item 10. Maintenance Labor, General: For maintaining the balance of the equipment and buildings At Astoria in 1918 the average was close to 1c per M cubic feet for labor and material, and I have used the same figure, dividing it half to labor and half to material.

Item 11. Purification Labor: In view of the fact that water gas generally contains less than half the H_2S that is in coal gas, and after considering the calculations already appearing in my exhibit on coal gas cost, I have used the figure of .0015 to represent this labor item.

33689

Item 12. Exhauster and Machine Men: I have included the services of 3 men on 3 eight-hour shifts, or 9 in all.

Item 14. Boiler Fuel: Considering that there are some waste heat boilers in use, the amount of boiler fuel needed in addition could not possibly run over 10 pounds per M cubic feet of gas made. I have allowed that amount. The quantity required would therefore be 60,000 tons (net). 40,000 tons of coke breeze is available at say $4.00 per ton $160,000
and there is therefore needed boiler coal, 20,000 tons at $5.00 100,000

33690

Total $260,000

Item 15. Water: If all water should be purchased the cost according to standard practice should not exceed 1/2 cent per thousand feet of gas made.

Item 16. Generator Coke: If 4 gallons of oil is used per M feet, the amount of gas coming from the oil will be about 300 feet in each 1,000 feet of carburetted water gas made. Where a lot of oil is used less solid fuel is needed, and in ordinary circumstances 28 to 30 pounds per M feet should be enough. The

33691

Astoria coke that I observed was very small in size and contained an excess of moisture, but it was otherwise of good quality. To be on the safe side I have allowed for the use of 32 pounds of coke per M feet of gas, as generator fuel.

Item 17. Gas Oil: 4 gallons per M cubic feet is more than ample. If gas oil in modern machines cannot make 6 candles per gallon, under the conditions I have outlined, it should not be used. I am unable to see why a price of more than 6 cents per gallon should be permitted. That is more than other companies pay under reasonable contracts. It is nearly double what is paid in Chicago on some of the oil.

33692

Item 18. Purification Material: There would be required considerably less than on the coal gas.

Item 19. Power and Light: Only a small amount of current or gas would be needed, as all machinery would be steam driven.

Item 20. Miscellaneous Material: To take care of the greater quantities of oil, grease, waste, etc., on the high speed water gas machines, I have figured the cost at a slightly higher amount than on the retort plants.

33693

Item 21. Maintenance Material: As shown by items 9 and 10, there would be required $18,000.00 a year for the refractories and about $60,000.00 a year for the balance of the plant, a total of $78,000.00.

Item 22. Residuals: I have figured merely the tar oil on the basis of 15% of the oil used.

33694

CONSOLIDATED GAS COMPANY OF NEW YORK
vs.
NEWTON, Etc., *et al.*

Before Special Master, Abraham S. Gilbert.

PRODUCTION COSTS

Section 5

Prepared by
33695 A. S. B. Little

CONSOLIDATED GAS COMPANY OF NEW YORK
vs.
NEWTON, Etc., *et al.*

Prepared by A. S. B. Little — January 1920

Subject: Production Costs, Section 5

33696 In the previous sections of this report I have set up in detail the capacities and the costs of operating the three distinct production units at Astoria.

It is now desirable to show this information in a way that will indicate the cost of gas in the holder. The expense to take care of the unaccounted for gas is shown in another section of the exhibit. It will be noticed that, insofar as concerns the Consolidated Gas Company's property that is needed for distributing the gas, I have omitted the amount required to take care of accruing depreciation, or the so-called renewal account; and that my figures do not cover the return on the investment in that property. It

is my understanding that the information needed in this connection will be found in other parts of the record. So far as the book costs are concerned for the Astoria Light, Heat and Power Company property, they will unquestionably be shown in great detail in the report of Accountant Andrew Sangster; and after checking certain figures that he took from the records, I have used them as shown hereinafter.

Recapitulation of Costs, and Additional Calculations to Show Cost of Astoria Gas in the Holders.

Item	Cubic Feet	Cost $	$ per M cu. ft.
Inclined Retorts A	3,113,750,000	$ 872,535	$ .2802200
Horizontal Retorts B	3,165,027,000	885,890	.2798996
Water Gas Sets C	12,000,000,000	4,748,705	.3957254
Totals and Average	18,278,777,000	$6,507,130	$ .3559937

It is assumed that the following charges are reasonable to meet the general expense incurred in operating the property:

		Cost per M cu. ft.
Salaries & Expenses, general office help	$12,000	$ .0006565
General Office Supplies and Expense	8,000	.0004377
General Legal Expense	8,000	.0004377
Insurance	36,000	.0019695
Employees Welfare	10,000	.0005471
Accidents and Damages	5,000	.0002735
Stationery and Printing	2,000	.0001094
Total of General Expense	$81,000	$ .0044314
Brought forward from Sheet 1	6,507,130	.3559937
Total Cost in Holder	$6,588,130	$ .3604251

Taxes are not included in the above.

33700 It may be that I can set up some supplementary figures that might be of assistance to the Master in computing the fair selling price of the Astoria gas, and with that end in view I have recorded some facts that were copied from the books of the company.

First, there is the matter of investment as disclosed in the company's accounts, on which I do not attempt to pass judgment but will merely record the figures for the purpose of permitting the rounding out of my operating cost data.

Astoria Light, Heat & Power Company. August 31, 1919. Construction Ledger Balances.

33701

Item	Description of Item	Amount on Books
1	Real Estate	$2,259,234.28
2	Docks, Wharves, R. R. and Equipment	1,026,144.20
3	Buildings	1,906,757.38
4	Apparatus	5,585,883.00
5	Distribution System	95,435.39
6	General Equipment	180,538.68
7	Holders	1,403,090.64
8	Tanks	174,204.79
9	Chimneys	17,759.56
10	Works Connections	392,024.48
11	Permanent Fresh Water System	131,176.08
12	Riggers Loft	4,704.42
13	New Oxide Yard	7,360.92
14	Organization	4,750.00
15	Expense during construction	447,251.10
16	Repairs during construction	110,766.06
17	"Other Charges"	1,712,585.11
18	Total on Books of Company at above date	$15,468,667.99

33702

33703

* The so-called "Other Charges" consist of:

a. Engineering Department	$ 431,198.27
b. Temporary structures	21,684.95
c. Temporary structures, demolished	30,321.26
d. Temporary structures, railroad	9,707.49
e. Hoisting Apparatus	10,056.27
f. Demolishing Buildings	1,164.25
g. Citizens Mutual Franchise	50,000.00
h. Interest as of December 31, 1908	997,301.79
i. Interest during construction	159,993.77
j. Handling cement	1,157.06
k. Total of "Other Charges"	$1,712,585.11

33704

Merely using, without passing upon, the amount set up in the foregoing table, and accepting the rate of return on this investment as decided by the Court, bearing in mind also that the return is practically guaranteed, we arrive at the following results:

Book investment	$15,468,667.99
Return at 6%	928,120.08
Return in $ per M cubic feet	$ .0507758

We next have to consider depreciation, which was set up in the company's accounts for 1918, and in 1919 to August 31, at 1 2 a cent per thousand cubic feet.

33705

This amount is too low, except we take into consideration the excessive charges to operating costs in the past to cover renewals and replacements, contingencies and other reserves. If we examine the investment appearing on the books, to discover what proportion of the property is depreciable, the figure thus appearing is as follows:

Depreciables in book investment	$12,183,289.49

706

The depreciation of this property, to keep the investment intact, can safely be figured at 1.5% on the depreciable part of the plant, and the following figures therefore result:

1.5% Depreciation on	$12,183,289.49
Annual requirement	$ 182,749.34
Requirement in $ per M	$ .0000979

Having these tentative figures we can then consider more fully the cost of operation and annual charges, which can then be compared with the gross income.

RECAPITULATION OF EXPENSE.

707

Item	Description of Item	Cost $	$ per M cu. ft.
1	Return on Book Investment	$ 928,120	$ .0507758
2	Return on Materials and Supplies in Stock	100,000	.0054708
3	Requirement for Accruing Depreciation	182,749	.0099979
4	Production Cost	6,507,130	.3559857
5	General Expense	81,000	.0044317
6	Taxes as per Books say	600,000	.0328230
7	Gross Operating Charges	$8,398,999	$ .4594340

708

The above table does not include the expense for the use of the "distribution system" which is set up on the books of the company for the year 1918, as follows:

Description of Property	Annual Cost
a. Astoria Tunnel, East River Gas Co.	$379,190.73
b. Ravenswood Tunnel, East River Gas Co.	51,172.80
c. 48" and 60" Mains, East River Gas Co.	61,730.00
d. 48" Harlem River Main, Standard G. Lt. Co.	14,468.12
Total "a" to "d," inclusive	$506,561.65

The Astoria tunnel was evidently built by the East River Gas Company with money borrowed from and still owing to the Astoria Light, Heat and Power Company, as the accounts receivable show the East River Gas Company as a debtor to the extent of $5,200,708.88 on which 6% interest was paid, or $312,042.54 for interest in the year 1918.

In view of the increased cost of money as compared with the time the Court last spoke on this case, it might be that some consideration will be given to a rate of return based upon 7% per annum. If that eventuates, the above figures would be slightly changed as follows:

AMENDED EXPENSE FIGURES.

1	Return on Book Investment	$1,082,807	$ .0592385
2	Return on Materials and Supplies	116,667	.0063826
3	Requirement for Accruing Depreciation	182,749	.0099979
4	Production Cost	6,507,130	.3559937
5	General Expense	81,000	.0044314
6	Taxes as per books, say	600,000	.0328250
7	Gross Operating Charges	$8,570,353	$ .4688691

33712

CONSOLIDATED GAS COMPANY OF NEW YORK

vs.

NEWTON, Etc. *et al.*

Before Special Master, Abraham S. Gilbert.

PRODUCTION COSTS—SECTION 6

Prepared by
A. S. B. Little

33713

CONSOLIDATED GAS COMPANY OF NEW YORK

vs.

NEWTON, Etc. *et al.*

Prepared by
A S B Little

January
1920

Section 6: PRODUCTION COSTS

33714 In the preceding sections of this exhibit a discussion appears of the cost to produce gas at the Astoria plants and in two of the factories owned by the Consolidated Gas Company in Manhattan, which it operates with its own forces.

There being a possibility that the Master will decide that, if gas can be made more cheaply at one central plant than at a series of plants, figures should be available to show just what would happen if the Company should reorganize its production methods, salvage part of its Manhattan water gas plants, establish them at Astoria, and proceed to make gas in the

33715

way that reasonably good management dictates for this territory.

With that end in view, I have prepared the following section of this exhibit, basing my calculations upon the estimated requirement of 23,660,000,000 cubic feet of gas in the holders, and 22,000,000,000 feet of gas sold in the year.

At the Astoria coal gas plants there could be made, according to the detail figures that heretofore appear in this exhibit, 6,278,777,000 cubic feet of retort gas (this figure has been very slightly changed in Section 2, as already mentioned, but on account of lack of time the negligible change in the production costs has not been made. The difference favors the Company very slightly).

33716

The balance of the gas required can be produced in water gas machines, and in this calculation I figured on the understanding that all such gas, amounting to 17,381,223,000 cubic feet, would be made at a central plant.

I have assumed, of course, that the coke produced at the coal gas plants will be used to the extent necessary, for generator fuel. Reasons are given later in this exhibit for my use of all other factors in the following table:

33717

33718

OPERATION OF COMBINED WATER GAS PLANTS

At a Central Station

To Produce 17,381,223,000 Cubic Feet of Gas per Annum

	Item	Description of Item	Unit	Total Units	Unit cost		Cost $	$ per M cu. ft.
	1	Supervision	1	Force	Detail	$	39,200	$.0022553
	2	Boiler House Labor	M Ft.	17,381,223	.005		86,906	.0050000
	3	Generator House Labor	Day	36,865	4.5		167,893	.0096595
	4	Coke Conveyor Men	Day	2,920	4.5		13,140	.0007560
33719	5	General Foremen	Day	730	8		5,840	.0003360
	6	Locomotive Men	Day	1,460	5		7,300	.0004200
	7	Weighers	Day	730	4		2,920	.0001680
	8	Cadet Engineers	Year	4	2,500		10,000	.0005753
	9	Maintenance Labor	1	Force	Detail		95,976	.0055218
	10	Maintenance Labor General	1	Force	Detail		86,906	.0050000
	11	Purification Labor	M Ft.	17,381,223	.0015		26,072	.0015000
	12	Exhauster & Machine Men	Day	3,285	5		16,425	.0009450
	13	Total Labor as above				$	558,578	$.0321369
		Materials						
	14	Boiler Fuel	Tons	104,788	4.61 +	$	483,940	$.0278427
	15	Water	M Ft.	17,381,223	.005		86,906	.0050000
33720	16	Generator Coke	Ton	278,100	6.75		1,877,175	.1080002
	17	Gas Oil	Gals.	69,524,892	.06		4,171,494	.2400000
	18	Purification Supplies	M Ft.	17,381,223	.003		52,144	.0030000
	19	Power and Light	M Ft.	17,381,223	.002		34,762	.0020000
	20	Miscellaneous Material	M Ft.	17,381,223	.005		86,906	.0050000
	21	Maintenance Material	Total	see detail			162,906	.0093725
	22	Total Materials				$	6,956,233	$.4002154
	23	Credit for Residuals	Gals.	10,428,734	.04		417,149	.0239999
	24	Net Materials				$	6,539,084	$.3762155
	25	Labor and Materials				$	7,097,662	$.4083524

33721

Item 1—Supervision. The Master having stated that the cost of operation will be determined upon the basis of the most economically operated plant, I am assuming that all of the water gas machines would be supervised by one general force. In other words, it is believed that the plan conceived by Chief Engineer Bradley in 1884 and approved by Vice President Addicks in last years, will be and should have already been carried into effect. That means one general superintendent and a competent corps of assistants. I have, however, decided that the remuneration should be increased under such circumstances.

The staff contemplated by me would be as follows: 33722

One General Manager, half of whose time would be charged to water gas production, his salary being $20,000.00 per annum. By providing a good man I am sure economies would quickly result. 1/2 of 20,000	10,000
One Plant Superintendent	8,000
Half time of Mechanical Engineer and Assistant Superintendent	4,800
Half time of Clerks and Stenographers	2,400
Total above	25,200

33723

I also recommend the employment of a first class "results man" a real gas chemist with engineering training	8,000
Assistant Chemist	6,000
Total Supervision	39,200

Item 2—Boiler House Labor. I have figured 8 men on 3 shifts or 24 men per day to look after the boilers. Then in this section of the plant I have provided for the employment of the pump men, say 3 men on 3 shifts = 9 per day, two foremen per day, two sets of

337.24 men to haul ashes, say 6 men in the day, and 4 men for casual work such as flue cleaning. An average is thus obtained of 15 men on each of three—8 hour shifts. The average cost per day per man has been figured at $5.00 per day, because good men are needed in this plant to keep plenty of steam available for the running of the gas generators. This gives a total of $82,125.00 and to provide for contingencies I have called the cost 1.2 a cent per M cubic feet. If waste heat boilers were used to the full extent this cost for labor could be cut in half.

337.25 *Item 3—Generator House Labor.* Taking an average of 20 machines operating and one man working the valves on each, we get on 3 shifts—60 men. To get coke to the automatically feed generators I allow one man to each 5 machines, say 4 men on each 3 shifts, or 12 in all.

For clinkering fires, and "tickling" grate bars, I work on the general practice of 3 hours time per machine per day, or 60 hours of time used, 3 men in each gang or 180 hours a day, divided by 8 hour shifts, making 23 men engaged on this work. I then allow 2 men on each of 3 shifts for getting the coke up. This gives a total of 101 men, 365 days a year at an average of $4.50 per man day.

337.26 *Item 4—Coke Conveyor Men.* I allow two mechanics to take care of the Robins Belt conveyors on two shifts.

4 men at $5.00	$20.00
Two Helpers on above	4 " " 4.00	16.00
All told	8 ave. rate 4.50	36.00

Item 5—General Foremen. One man for each of two shifts or two men in all.

Item 6—Locomotive Men. Two men on each of two—8 hour shifts to take coke in cars from coal gas plant and place it over coke pits. This work could

really be done by the men operating the locomotives on coal handling plants, but to be on the safe side I have allowed for an independent force. 33727

Item 7—Weighers. Every pound of coke going to the water gas plants ought to be weighed, so that a true record can be kept of the cost. I provide for two weighers. This is for weighing in bulk, as the men on the coke hoppers are to additionally weigh the coke buggies and keep accurate count on the number discharged into each generator.

Item 8—Cadet Engineers. Two cadet engineers should be provided on each of two 8 hour shifts, or 4 all told, to assist the Superintendent. 33728

Item 9—Maintenance Labor. This provides for cleaning checker work in the machines every 1,000 hours, for relining bottom of generator every 2,000 hours, and for all other machinery and apparatus on the basis of about 10% per annum on the cost assuming 24 machines at $30,000.00 in place. That is to say, I assume $72,000.00 a year for the steel work, machinery and apparatus outside of the firebrick work, calling this half labor and half material. For the refractory work my allowance is on the basis of 153,300 hours running time on the machines, requiring 153 times to let down a set for recheckering. For the plain work I figure: 33729

Mason	1071 × 88	85568
Helpers	4282 × 5	21420
Cleaners	ditto	21420
Masons Relining	535 × 2 × 88	85568
Total for refractories		309976
Equipment as above		36000
Total—Labor		345976

33730

Item 10—General Maintenance Labor. The above refers to the generator equipment and it is necessary to figure the cost of labor for maintaining the balance of the equipment. At Astoria in 1918 the expense was shown as:

Structures	7,831
Boilers	15,715
Purification	2,456
Holders	2,564
Miscellaneous	28,443
Tools	8,033

33731 Making 6,682,772,000 feet (average 1c) 65,042

I have assumed the same cost per M cubic feet, placing half of it in the labor column and half in the material division.

Item 11—Purification Labor. This usually runs on water gas operations about half what it does in coal gas plants. I have taken the safe figure of .0015 per M feet.

Item 12—Exhauster and Machine Men. I have included the services of 3 men on 3 shifts or 9 in all.

33732 *Item 14—Boiler Fuel.* With some waste heat boilers in use but only to a limited extent at present there would be required not in excess of 10 pounds of fuel per 1,000 cubic feet of gas made. To be on the safe side I have allowed 12 pounds per M cubic feet of gas. There would be about 20,000 tons available from each of the coal gas plants, 40,000 tons in all. Extra boiler fuel would therefore have to be purchased to provide a total of 104,788 tons.

With 40,000 tons of breeze at 4.00 per ton cost 160,000
and 64,788 tons of boiler coal at 5.00 per ton
delivered cost 323,940

The total cost of 104,788 tons, and the average (4.61) 483,940

33733

Item 15—Water. I have assumed the purchase of water, and in standard practice the cost would not be over .4 of a cent per M cubic feet. I allow 5¢ per M.

Item 16—Generator Coke. With a rich gas being made, and a lot of the gas coming from the oil (say 300 feet in each 1,000) the use of coke ought not to exceed 30 lbs. per M feet of gas produced. The coke I saw at Astoria was not very good, particularly from the B plant. To be on the safe side I have figured on 32 lbs. of coke per M feet of water gas made.

Item 17—Gas Oil. Four gallons per M cubic feet have been allowed, to make at least 24 C P gas. The price has been figured at 6¢ per gallon. 33734

Item 18—Purification Material. I have figured slightly less required than on the coal gas purifiers. The gas should contain less than half the H_2S that is found in the crude gas of plants A and B, per M cubic feet.

Item 19—Power & Light. Very little would be required as all machinery would be steam driven.

Item 20—Miscellaneous Material. On account of the greater number of high speed prime movers used in a water gas plant, as compared with a coal gas plant, I have figured somewhat in excess of the amount per M feet provided for the coal gas plant, to take care principally of oil and grease. 33735

Item 21—Maintenance Material. As already noted under Items 9 and 10, there would be 36,000.00 for equipment material together with firebrick material 40,000.00 to which is to be added materials for general repair at 80,000.00 a total of $816,2000 for the plant, which is really excessive.

Item 23—Credit for Residuals. In this I have figured merely the tar oil, at 10% of the gas oil used.

33736

CONSOLIDATED GAS COMPANY OF NEW YORK

vs.

NEWTON, Etc. *et al.*

PRODUCTION AND OPERATING EXPENSES

SECTION 7

Prepared by
A. S. B. Little.

33737

CONSOLIDATED GAS COMPANY OF NEW YORK

vs.

NEWTON, Etc. *et al.*

PRODUCTION AND OPERATION EXPENSES

SECTION 7

33738 Prepared by
A. S. B. Little

January
1920

In the preceding sections of this report I have set up, in considerable detail, the gas capacities and the cost of production at the various plants in Greater New York controlled, owned or operated by complainant company. It is now desirable to bring this mass of figures to a point where the cost of gas in the works' holders, and the expense to take care of unaccounted-for gas, will appear as a total applicable to the complete operations.

On the first table appearing hereinafter, I have set up a summary of figures previously given, in such a way that the operating expense appears for the Astoria gas placed in the 15 million cubic feet holder, where it is ready for delivery to the transfer mains, for sale to the Consolidated Gas Company. I must add thereto the cost of making gas in amount sufficient to meet the total requirements of the complainant company, and the second table in this section deals with such a computation.

In a supplementary table I have compiled the costs in such a way that the result shows the expense of operation in the event that all gas is produced at a central plant.

TABLE 1 OF SECTION 7

SUMMARY OF ASTORIA EXPENSES.

(From Section 5—Sheet 6)

Item	Description of Item	Cost $	$
1	Return on book investment (7%)	$1,082,807	
2	Return on materials and supplies (7%)	116,667	
3	Requirement for accruing depreciation	182,749	
4	Production cost	6,507,130	
5	General expense	81,000	
6	Taxes as per books, say	600,000	
7	Gross operating charges and annual expenses	$8,570,353	

The quantity of gas to be produced at isolated plants, in amount sufficient to meet the total requirements of the Consolidated Gas Company, deducting from the total production the quantity of gas which can be produced at Astoria, as already shown, is as follows:

33742

Total requirement,	cubic feet	23,660,000,000
Made at Astoria,	" "	18,278,777,000
Balance to be made,	" "	5,381,223,000

I have calculated the capacity of the 21st Street plant of the Company at 3 million cubic feet per machine per day, with the use of fair fuel and adequate blast pressure.

In average use, on these old machines, we can safely figure on eleven of the thirteen being in use at one time, so that the maximum normal capacity of the plant per annum would be 12,045,000 M cubic feet.

33743 The amount of gas stated is, of course, far in excess of the balance of the annual requirement, but, turning to Section 1 of this report, sheet 12, it will be noted that on occasion, 12 machines may be needed.

I have assumed the operation of the 21st Street plant throughout the year, and of the 98th Street plant during some portion of the year (December, January, February).

Such a plan of operation would be somewhat more expensive than if the whole of the gas production was taken care of at one factory, as will be disclosed by the detail figures in my computations.

33744 It will be apparent, from such detailed set up of costs, appearing later, that there had been allowed sufficient amounts to meet the cost of the full supervising forces at both of these plants throughout the year, with some additional labor for taking care of the shut down property.

With this preliminary and necessary statement of the method pursued, it is now possible to show the results:

TABLE II.

Production of 5,381,223,000 cubic feet of Water Gas

tem	Description of Item	Unit	Total Units	Unit cost	Cost $	$p
1	Supervision	1	forces	detail	$ 24,261	$
2	Boiler House labor	1	forces	detail	42,600	
3	Generator House labor	day	10,309	4.38	45,153	
4	Coke Conveyor men		(included in Material)			
5	Foremen	day	1,460	8	11,680	
6	Coke Haulers		(included in Material)			
7	Maintenance labor		(detail)		69,147	
8	Purification labor		(detail)		3,000	
9	Exhauster & Machine men	day	4,380	5	21,900	
0	Total Labor					
	Materials				$ 217,741	$
1	Boiler fuel (coal or equivalent)	tons	40,360	5	$ 201,800	
2	Water	M ft.	5,381,223	.006	32,287	
3	Generator coke	tons	94,171	7.10	668,614	
4	Gas Oil	gals.	21,524,892	.06	1,291,494	
5	Purification material	M ft.	5,381,223	.003	16,144	
6	Power and Light	M ft.	5,381,223	.002	10,762	
7	Miscellaneous material	M ft.	5,381,223	.008	43,050	
8	Maintenance material	all	detail	.007	37,668	
9	Total Material				$2,301,819	$
	Credit for Residuals	gals.	3,228,734	.04	129,149	
	Net Material Cost				$2,172,670	$
	Total—Labor and Material				$2,390,411	$
	Add cost of gas purchased				8,570,353	
	Average cost—all gas, in holder				$10,960,764	$
	Cost of gas unaccounted for					
	Cost in holder of all gas sold, including all annual charges and return on the gas purchased				$10,960,764	$

33748 Item 1. Supervision. In 1918, at 21st Street, the cost was $16,326, and at 99th Street, $7,935, a total of $24,621. This has been considered reasonable for the amounts of gas now required to be made at each plant.

Item 2. Boiler House Labor. In 1918, at 21st Street, the cost was $38,340 for a larger quantity of gas, and at 99th Street the expense was $7,740, making the total cost $46,080. I apply a cost of $40,000 for 21st Street, and for three months operation at 99th Street a cost of $2,600, a total of $42,600.

33749 Item 3. Generator House Labor. Figuring according to the plan shown on Section 1, Sheet 12, the amount of labor would be:

January	36	operators	x 31	days =	1,116
February	33	"	x 28	" =	924
March	21	"	x 31	" =	651
April	15	"	x 30	" =	450
May	12	"	x 31	" =	372
June	6	"	x 30	" =	180
October	3	"	x 31	" =	93
November	12	"	x 30	" =	360
December	24	"	x 31	" =	744

33750 Total man days 3,890 at 5 $19,450

Men on buggies, 2 to each plant during operation x 3 shifts, for each 4 sets in use:

January	18	men	x 31	days =	558
February	18	"	x 28	" =	504
March	12	"	x 31	" =	372
April	12	"	x 30	" =	360
May	6	"	x 31	" =	186
June	6	"	x 30	" =	180

33751

October	6	"	x 31	"	= 186
November	6	"	x 30	"	= 180
December	12	"	x 31	"	= 372

Total man days 2,898 at 4 $11,592

For clinkering fires I calculate 3 hours per machine per day, or time used as follows:

January	36	hours	x 31	days = hours	1,116
February	36	"	x 28	" = "	1,008
March	21	"	x 31	" = "	651
April	15	"	x 30	" = "	450
May	12	"	x 31	" = "	372
June	6	"	x 30	" = "	180
October	3	"	x 31	" = "	93
November	12	"	x 30	" = "	360
December	24	"	x 31	" = "	744

33752

4,974 hours

all told, 3 men in each gang, or 14,922 hours, which equals days 1,865 at 4, $7,460.

Recapitulation:	Operating	3,890 days	= $19,450
	Men on buggies	2,898 "	= 11,592
	Cleaners	1,865 "	= 7,460

Allow for 3 men on each 3 shifts at each plant, or 18 men in all, during July, August, September (92 days) (for looking after plants) 1,656 " = 6,624

33753

Totals Man-days 10,309 " = $45,126

Average rate $4.38 per man-day of 8 hours.

Item 4. Coke Conveyor Men. Such men are employed only at the 21st Street plant and they are for putting coke into stock, so their expense appears in the material item as handling charge.

33754

Item 5. Foremen. I have allowed for full time of 2 foremen per day, all the year around, at both stations, or 4 men 365 days—1,460 man-days.

Item 6. Coke Haulers. Included as cost of handling coke to stores at 99th Street; and the expense is included in coke account.

Item 7. Maintenance Labor. I have based this on the expense set up for the Astoria operations, to which I have added 50% because of the operation of isolated plants in this particular case.

Item 8. Purification Labor. This is based on 1918
33755 costs at the two stations.

Item 9. Exhauster and Machine Men. I have allowed for 2 men on each of 3 shifts, or 6 men per diem at each plant, and have allowed for the full year in each case, although this is not really necessary. 12 men—365 days—4,380 man-days.

Item 11. Boiler Fuel. Because two plants have to be operated at times, and one, during parts of some months, would be classed as a stand-by, I have figured there will be needed more coal than is required at the Astoria plant C on similar operations bearing in mind also that there
33756 are no waste heat boilers at either of these Manhattan factories. I have allowed for 15 pounds of solid fuel or its equivalent per M cubic feet of gas made.

Item 12. Water. This is a very small item and needs little explanation. I have used a figure very slightly higher than on the Astoria plant.

Item 13. Generator Coke. This has been figured on the basis of U. G. I. machines, which use slightly more fuel usually, than Williamson machines.

33757

Also we must take into account that a plant running somewhat intermittently, or spasmodically, will need more fuel than one kept always going near its normal capacity. In reference to the cost of the fuel itself, there must be added to the price on scows at the plant an allowance for lighterage on the basis of $15.00 a day for the "Chief" or "Nancy" and calculated the result from the books of the company, showing lighterage as 10¢ per ton. For unloading I use 25¢ per ton and have added the 35¢, thus found, to the cost of $6.75 that I used on sheet 3 of Section 4, making the price $7.10 per net ton 33758
in the storage sheds. I have used in my calculation 35 pounds of fuel per M cubic feet of gas produced.

Item 14. Gas Oil. In this calculation the oil figure does not differ, per M feet, from the amount used for the Astoria calculation.

Item 15. Purification Material. This figure does not differ from the one used on the water gas plant at Astoria.

Item 16. Power and Light. I have adopted here the figure used for Astoria, although in view of more gas being used in place of current, and 33759
considering also the greater amount of steam power used at the Manhattan factories as compared with the Astoria plant, the cost at the former is no doubt less.

Item 17. Miscellaneous Material. The cost of such sundry items is higher for a dual plant than for one central station continuously operated, and I have started with the figure used for the Astoria plant, adding thereto sufficient to take care of the difference in expense.

33760

Item 18. Maintenance Material. This would cost only a fraction more at two plants than at one, making a like amount of gas, owing to the less continuous character of the work.

Item 20. Credit for Residuals. Drip oil is not here included as it is a distribution department credit. For tar oil condensed out of the gas at the factories I have figured 15% of the oil put into the carburettor.

Item 23. Cost of Purchased Gas. This figure is taken from Table 1 of this section and has been
33761 previously explained.

SECTION 7

PART 2

In Section 6 of this report there appears a set up of costs for water gas which presupposes that the Master may incline to the belief that the cost of producing gas ought to be predicated upon the expense that would be incurred if all gas was manufactured at a central factory.

It is, therefore, a required step, in our calculations,
33762 to bring together certain figures to show just what the final results would be under that plan of procedure as compared with another, heretofore discussed in some detail, which contemplates the operation of the plants "as is," to use an expressive and familiar term.

I have accordingly set up, in the table next appearing, some figures showing expenses beyond the holder, which appear in combination with the engineering figures on cost that I had previously calculated.

I do not attempt to pass upon the adequacy or reasonableness of such sums on the one hand, or as to whether they represent, on the other hand, charges that are unjust, unreasonable or more than sufficient

It will be noticed that the figures I have used are based upon the book records as disclosed by Teele's Exhibit, but in applying them it has been necessary to use judgment, because of the fact that in some cases the expense is fixed, whereas, in others it varies with the amount of gas made and sold.

Table of Operating Expenses and Other Annual Charges, Based Upon the Operation of the Astoria Plants and Factories at 21st and 99th Streets:

Item	Description of Item		M cubic feet	Cost $	$
1	Inclined Retorts	Astoria A	3,113,750	$ 872,535	$
2	Horizontal Retorts	Astoria B	3,165,027	885,890	
3	Water Gas	Astoria C	12,000,000	4,748,705	
4	Totals and Average		18,278,777	$ 6,507,130	$
5	General Expense	Astoria		81,000	
6	Return on book investment	Astoria		1,082,807	
7	Return on Materials & Supplies	"		116,667	
8	Requirement for accruing depreciation	Astoria		182,749	
9	Taxes	Astoria		600,000	
10	Gross Operating Charges			$ 8,570,353	$
	Above relates to Astoria property.				
	Following deals with Manhattan properties:				
11	Water Gas, 21st and 99 Streets		5,381,223	2,390,411	
12	Total Items 1 to 11 & Average per M		23,660,000	$10,960,764	$
13	Cost of 7% "leakage"		1,660,000		
14	Cost in holder of gas sold, including annual charges on purchased gas		22,000,000	$10,960,764	$

33766

Following figures are based upon complainant's exhibit showing cost for 12 months ending October 31, 1919:

	15	Distribution Department	$ 440,000	$ .0200000
	16	Meter Department	275,000	.0125000
	17	Consumers Premises Expense	606,000	.0230000
	18	Repairs to Mains	132,000	.0060000
	19	Repairs to Services	44,000	.0020000
	20	Repairs to Meters	374,000	.0170000
	21	Other Distribution Repairs	220,000	.0100000
	22	Commercial Expense	1,350,800	.0614000
	23	Salaries, General Offices	360,000	.0163636
33767	24	Salaries & Expense, General Offices	125,000	.0056818
	25	Legal Expense	68,200	.0031000
	26	Claims and Arrears Expenses	35,200	.0016000
	27	Insurance	151,800	.0069000
	28	Vacation and Sickness	70,000	.0031818
	29	Mutual Aid Society	35,000	.0015909
	30	Superannuation	72,000	.0032727
	31	Stable Expense	42,000	.0019091
	32	Automobile Expense	198,000	.0090000
	33	Claims for Damages	8,800	.0040000
	34	Uncollectible Bills	103,400	.0047000
	35	Interest on Consumers' Deposits	59,400	.0027000
	36	Use of Distribution System	4,460	.0002000
33768	37	Miscellaneous General Expense less Duplicate Charges	55,000	.0025000
	38	Taxes	1,173,750	.0533523
	39	Total of Distribution, Commercial, Promotion, Utilization and General Expense of Consolidated Gas Co.	$ 5,707,730	$ .2594422
		Correction	196,020	.0089100
			5,903,750	.2683322

33769

INCOME AND OPERATING STATEMENT

(Based on Astoria Plants and 21st and 99th Street Factories, as Detailed)

Item	Description		Cost $	$ per M cu. ft.	
1	Income from sales of gas		$17,580,200	$ .7991000	
2	Miscellaneous Operating Revenue:				
	a. Rent from gas appliances	$1,035,645			
	b. Gross profit on sales ditto	173,531			
	c. Interest from bank balances	21,766			
	d. Rental on joint facilities	101,154			
	e. Miscellaneous rent revenue	9,516	1,341,612	.0609823	33770
3	Gross Income		$18,921,812	$ .8600823	
4	Cost of gas, exclusive of depreciation and return on the 21st and 99th Street plants and on the balance of the used and useful property of the Consolidated Gas Company, but inclusive of all charges for depreciation and return on the property of the Astoria Light Heat and Power Company, as heretofore shown:				
	a. Cost in holder	$10,960,764	16,864,514	.7665688	
	b. Cost to burner	5,903,750			
5	Net Profit from Operations		$ 2,057,298	.0935135	33771

33772

PART III

The following computation is along lines similar to the one appearing in Part II of Section 7, but, as already indicated, it gives consideration to the possibility of making all gas at a central plant.

INCOME AND OPERATING STATEMENT

(Based on all Gas Made at the Astoria Property, as Detailed)

Item	Description			Cost $	$ per M cu. ft.
33773 1	Income from Sales of Gas			$17,580,200	$ .7991000
2	Miscellaneous Operating Revenue			1,341,612	.0609823
3	Gross Income			$18,921,812	$ .8600823
4	Cost of Gas, exclusive of depreciation and return on the portion of plant to be added to the production equipment at Astoria in order to increase the capacity of the water gas plant, now located there, to take care of the extra quantity of 5,381,223,000 cubic feet of gas to be made there; also exclusive of return on the used and useful property of the Consolidated Gas Company in Manhattan and the Bronx, omitting therefrom the production plants that would be discarded or dismantled by this plan:				
33774	a. Plant A	3,113,750	M ft.	$ 872,535	
	b. Plant B	3,165,027	"	885,890	
	c. Water Gas	17,381,223	"	7,097,662	
	d. Totals	23,660,000	"	88,856,087	
	e. Gas Lost	1,660,000	"		
	f. Gas for Sale	22,000,000	M ft.	$ 8,856,087	$ .4025494

33775

5	Return as per Table 1, Section 7	1,082,807	.0492185	
6	Return on Materials and Supplies	116,667	.0053030	
7	Accruing Depreciation	182,749	.0083068	
8	General Expense	100,000	.0045455	
9	Taxes	600,000	.0272727	
10	Total 4 to 9 (Both inclusive)	$10,938,310	$ .4971959	
11	Cost Beyond Holder	5,903,750	.2683522	
12	Cost to Burner, with the exceptions noted in Item No. 4	$16,842,060	.7655481	
13	Net Profit from Operations	$ 2,079,752	.0945342	33776

Mr. Ransom: Now, in regard to these books. We will have to have them here tomorrow, and instead of bringing these seventy big volumes up here today, I think the best thing to do is to let them go back on the truck today and have them identified tomorrow, when they will have to be here.

The Master: All right.

By Mr. O'Brien:

Q. Mr. Little, you have in these tabulations in the statement just spread upon the record, used, have you not, for the purposes of your calculation, a price for gas oil? 33777

A. I have.

Q. And for those purposes, and without assenting to its reasonableness, you have used a price of six cents?

A. I have.

Q. And in the matter of labor and supervisory help and mechanics, will you state in general terms whether or not you have used the staff now engaged in the Astoria plant, so far as numbers go, or have you varied from it?

A. As to numbers I have varied, but I have not taken exactly what they have. I have set up, based upon my experience in similar plants, about the number of men they would need. As to the unit cost for each man, I have used at least as much and sometimes a good deal more than Mr. Woods used in his set up of a similar cost.

Q. You mean for the daily wage or salaries of the employees thus engaged?

A. Yes, sir.

Q. Mr. Little, if, for the purpose of the calcula-
33779 tions which you have set forth in this statement just read upon the record, you have used five cents for gas oil, or 3 1/2 cents, have you prepared tables that will show the corresponding decrease in the cost of making gas as set up in your table?

A. No, I have not prepared such tables, but they could be very simply calculated by using, say, 4 gallons of oil to each thousand feet of gas. Every cent you save per gallon means 4 cents per thousand cubic feet of gas on the holder, which is subject to the 7 per cent loss due to the unaccounted for gas.

The Master: Is your basis 4 gallons of oil a thousand cubic feet?

33780 The Witness: Four gallons, yes, sir.

Mr. Ransom: Is that on 22 candle power?

The Witness: Twenty-two candle power, within a mile from the plant.

The Master: That is Mr. Woods' statement, isn't it?

Mr. Ransom: 4.1, I think.

The Witness: 4.1.

The Master: Well, that is pretty close.

Mr. O'Brien: Well, Miller's position in the Kings County case was 4, and then for coal gas 1 gallon.

Mr. Ransom: What has that got to do with this case?

Mr. O'Brien: Well, that is off the record. I am telling the Master.

The Master: What I am interested in is that Mr. Little is pretty close to Mr. Woods as to the quantity of gas oil used per thousand feet of gas of 22 candle power

The Witness: Yes.

The Master: Mr. Little's testimony is four gallons, and Mr. Woods' is 4.1. The record shows that it varies around that figure, around 33782 four gallons, sometimes runs to 3.96, and sometimes runs a fraction over four.

Mr. Ransom: 4.20.

The Witness: It runs below 3.96, your Honor.

The Master: Sometimes it runs below 3.96, but I should say around 4, or somewhere around 4.

Mr. O'Brien: In fact, at the 99th Street plant, according to the manufacturing book, as I brought out, your Honor, it is away down to 3.57, 22 candle power gas.

The Master: That might have happened.

Mr. O'Brien: Quite extensively. 33783

The Master: But I should imagine the experts are pretty close together on the question of the amount of oil to be used, about 4 gallons.

Q. Mr. Little, then you have not intended in your statement of costs of producing gas to accept the figure of 6 cents per gallon for gas oil?

Mr. Ransom: I object to that.

The Master: I will allow it.

Mr. Ransom: He stated it is an assumption.

The Master: I will allow it.

Mr. Ransom: Exception.

A. I did not accept it. I used it.

Q. In your calculation?

A. Without passing upon it.

Mr. Ransom: He is willing to let the Master pass on that.

The Witness: I think that is the Master's duty.

The Master: If I found on the basis of 6 cents—I find gas oil has averaged seven cents, I add a cent a gallon, instead of taking a cent off.

33785 The Witness: Yes, and this exhibit is built up so that any change you want to make anywhere, you can make easily.

The Master: And if gas oil is 5 cents, and I think it is 7 cents, I add 2 cents on.

The Witness: And multiplied by the number of gallons and the unaccounted for.

Mr. O'Brien: And if the Master concludes that the complainant company could and should have bought gas oil for the present period at 3 1/2 cents, then 2 1/2 cents would have to be deducted from the cost for every gallon of oil used in the making of gas just mentioned?

33786 Mr. Ransom: Objected to as argumentative.

The Master: Surely; that is perfectly clear.

The Witness: Yes.

The Master: No matter what the theory may be, if I reach the conclusion that the price to be figured is to be 3 1/2 or 5, I have got to deduct from the 6, and if I conclude on another theory that I arrive at a conclusion that it ought to be more than 6, I have got to add to it.

Mr. Ransom: Perfectly obvious, but I notice the witness says 7 per cent unaccounted for—

33787

Mr. Chambers: You can't take more than they pay. That is the limit, the maximum.

The Master: I don't know.

Mr. Chambers: Take more than they pay?

The Master: I might. I might find as a fact they got an inside price, which was less than they should have got, because of their close association with the Standard Oil Company.

Mr. Chambers: Buying in large quantities does not help.

The Master: It is just as easy for me to infer from close associations that they got a better price as it is for me to infer they got a worse price. 33788

Mr. O'Brien: Well, you have a facile mind, you know.

Mr. Chambers: Why didn't they buy as cheaply as the Boston or the P. S. C.

The Master: I am not passing on that, Mr. Chambers.

Mr. Ransom: Figure out what they paid?

Mr. Chambers: We have.

Mr. Ransom: Five and six cents.

Mr. Chambers: No.

The Master: I really haven't reached any conclusion at all about the price of gas oil. I have not looked at these contracts as they went in at all. I haven't got in my mind a very clear picture of just what was done about gas oil, so that you can rest easy about my having any notions at all as to the gas oil price. 33789

Mr. Chambers: I have not given you a tabulation complete except that one Kings County oil contract.

The Master: I have a more definite idea about coal prices, but I haven't any definite idea at

all about gas oil prices until I look at these contracts and get the situation well in my mind.

Mr. Ransom: We are still under the average, well under the average, in spite of all the proofs.

Q. Mr. Little, for the purposes of your calculation, what have you assumed as to unaccounted for gas?

A. Seven per cent.

Q. You have not assented to the reasonableness of that, as to the percentage of unaccounted for when you have used it in your tabulations?

A. No.

33791 Q. And have you expressed any opinion upon it in the tabulations you set up?

A. No.

Q. Then, where you have used that as a factor, you have just inserted it to fill out the tables which you have made of production costs, in order to give the Master some idea of the result that comes, taking your production cost as you have adjudged them, and adding to it certain figures from the company?

A. Yes, sir.

Q. On the occasion of your visits to the Astoria plant you have had many conferences with the engineers in charge of the same?

33792 A. Yes, particularly in past years.

Q. And do you recall any of them?

A. Yes, I recall several I had with Mr. Peter Young, who was superintendent there for a number of years, a man that I have known for fifteen years.

Q. Was he a gas engineer?

A. He certainly was and is.

Q. Still?

A. Yes.

Q. Of long recognized standing?

A. Why, certainly. I think he is one of the best in the business, if you want my opinion.

Q. Where is he located now, if you know?

A. The last I heard of him he was at Watertown, New York. He left the Astoria Company to go to Washington, D. C.

Q. Did you ever receive any data from any of those engineers as to the operation of the plant, the methods used there?

A. Yes, I received quite a lot of data from Mr. Young, and examined a lot of data that he showed me that came out just after a paper had been read by Mr. Lamson of the Wooster Gas Light Company, the title being, "A Pound of Coal," that was read 33794
before the American Gas Institute, and all gas engineers at that time were very much interested in discussing their own performances as compared with the Wooster, and we went over those figures in very close detail; and also for the purpose of ascertaining if the inclined house and the horizontal house at Astoria, if those two houses were capable of running approximately the same to get the same results, labor going in, products coming out. I might say, previous to that time Mr. Peter Young, before he went with the company, was anxious to be the agent for my design of inclined retorts and visited England and went over a dozen plants at least that I had built, and when he 33795
went back to the United States he furnished me with information as to prices of brick, labor, coal, etc., to see if we could get together and he could build over here the plants to my designs.

Q. Well, you have set forth your inventions or patents in your statement which has been read into the record?

A. Yes, sir.

Q. And it is to some of them that you now refer?

A. Some of them, yes.

Q. Now, in setting forth your tabulations in arriving at certain results, you have used, simply for the purpose of filling out your production costs with the addition of other costs of gas to the burner, and you have used in your process figures of Mr. Teele, have you?

A. Yes, sir, slightly modified where they had to be modified by reason of the greater quantity of gas.

Q. And that is not with any intention to assent to the reasonableness of the figures, or their correctness?

33707 Mr. Ransom: I object to the question.

The Master: I will allow it.

Mr. Ransom: The witness uses figures which he evidently thinks are fair.

The Master: Oh, no. I will allow the witness to state when he has taken figures without assenting to their accuracy or reasonableness.

Mr. Ransom: Does Mr. O'Brien wish to insinuate that the witness would use estimates that he did not think were fair?

Mr. O'Brien: He is not expressing at this time any opinion.

The Master: The answer is this. This wit-
33708 ness's statement is that he has taken certain figures without assenting to them. If all the other witnesses that Mr. O'Brien produces say the same thing, and there is no evidence that they are unreasonable, or showing that they are unreasonable, I shall probably assume the same thing. That is all there is to it.

Mr. Ransom: It would appear to be warranted.

The Master: So far as this witness is concerned, he is not taking issue with it.

Q. Will you state how you have used these figures of Mr. Teele's and the purposes of them?

A. Well, I used them to set up before the Master the final picture which would result if my production costs as assumed and calculated were added to by certain other figures which the company had put in evidence.

Q. And that is without passing at this time upon their reasonableness or their accuracy?

A. That is correct, yes, sir. That is for the Master to decide, and I did not want to set up my judgment on certain figures such as taxes. I do not know any- 33800
thing about taxes in the City of New York.

Q. Well, you said that in some few instances there you had modified some figures of Mr. Teele's. Will you just explain how?

A. Take, for instance, general officers' salaries. Now, for a greater quantity of gas the amount of salary would not vary, Mr. Cortelyou would not get paid possibly $5,000 more because he sells another billion feet of gas; but on the other hand, there are expenses in my general charges which vary with the quantity of gas sold, that is the number of meters increases or the wear on the meters increases, and therefore meter reports or meter reading goes up in 33801
proportion to the amount of gas sold, so in some cases I have used his cents per thousand and gotten a bigger cost in dollars per annum; in other cases I have used his dollars per annum and gotten a lower cost in cents per thousand cubic feet of gas sold, due to the fact that I assumed a natural increase in the sale of gas.

Q. For the current period?

A. In other words, I have not tried to change Mr. Teele's figures.

33802 Archibald S. B. Little, Direct.

Q. With those modifications you put them in to round out a complete picture of the result, showing your production costs?

A. Correct, yes, sir.

Q. Now, as to the element of interest on investments at Astoria, what percentage have you used for the purposes of your calculation?

A. I set up both six and seven per cent on the book investment, and I have not attempted to pass upon the book investment, naturally.

The Master: Let me ask you right there, Mr.
33803 Little. I know that in certain industries it is fairly accurate to say that a certain quantity requires a certain plant investment.

The Witness: Yes, sir.

The Master: In other words, take tires, automobile tires, a capacity of a thousand tires per day would require I think a plant investment of about a half a million dollars—or rather, 500 tires a day would take a plant investment of half a million dollars. In other words, if you want to start a factory to produce 500 tires a day, you would have to figure on one thousand dollars a tire, about a half a million dollars. Now,
33804 is there any basis on which men like you figure the cost of putting up a gas plant nowadays?

The Witness: It is pretty hard these days.

The Master: By the million cubic feet?

Mr. O'Brien: Your Honor, just a minute. I am not going—

Mr. Ransom (interrupting): Let him answer.

Mr. O'Brien: Just a minute. Your Honor, we propose through another witness to go into the question of investment there.

The Master: Well, he just spoke about investment.

Mr. O'Brien: I know, but it is entirely too speculative. I will have to demur to your Honor's ruling.

The Master: Well, I will overrule your objection. I think I am entitled to the information, if the witness has it.

Mr. O'Brien: I don't suppose Judge Ransom, the complainant, wants to submit the situation to a general judgment of that kind.

The Master: I don't care what Judge Ransom wants. I am trying to reach a conclusion as to various things, and as to the reasonableness of 33806
various investments.

Mr. O'Brien: Are you applying it to the pre-war period, your Honor?

The Master: Why, Mr. Little was just about to say it is pretty hard to tell now. Well, let us take 1914, would you be able to give me a figure then?

The Witness: I could, yes.

The Master: What do you base it on, million cubic feet capacity, or what?

The Witness: A thousand cubic feet sold per annum.

The Master: A thousand cubic feet sold per 33807
annum.

The Witness: Which covers all the distribution system.

The Master: Yes?

The Witness: Everything that the company owns and uses.

The Master: And you have an opinion about that, have you?

The Witness: Well, I have worked out fifty or sixty cases in which that has been determined.

Mr. Ransom: In large cities?

The Witness: Well, Chicago is large.

The Master: Of course, you are not bound by—nobody is bound by it, but I would like to get the witness's opinion about it.

Mr. Ransom: Well, my view of that is this: Of course, New York with the rocky soil conditions and the like which prevail here is very much different from Chicago, and the cost, I take it, in terms of thousand feet of gas sold, would be very much different in a large city than in a
33809 small city, but if your Honor thinks there is anything helpful about this, I have no objection to listening.

The Master: I do not think there will be—

Mr. Ransom: I do not object to the question.

The Master: But I think it may throw some light upon phases of the situation, and I would like to have it.

Mr. Ransom: I shall not object to the question, subject of course, to the right to cross-examine on it.

Mr. O'Brien: Your Honor, do you include this distribution system?

33810 The Master: I understood Mr. Little's figure included the distribution system. What I really had in mind was the manufacturing plant rather than the distribution system.

The Witness: I can work that up for you now.

The Master: You have not any present opinion on it or figures in mind now? In other words, it is not a generally accepted figure by anybody, like the one I illustrated with the tire business?

Mr. Ransom: Plant aside from land.

The Master: No.

Mr. Ransom: Plant aside from land. The land is a very variable factor.

The Master: Yes, that is a variable figure, too, of course.

Mr. Ransom: The distribution system is variable, but probably the plant might not be so variable.

The Master: Of course, I was figuring on taking land, for instance, over in Jersey somewhere, where it is not tremendously costly.

Mr. Ransom: Gas industries do not grow up that way.

The Master: That is why I asked whether there was any basis. I happen to know about 33812
some of these industries.

Mr. O'Brien: There was something used in the old case for that.

The Master: I have had occasion to figure on plant capacity, and I am figuring now on a tire plant in a company in which I am a director; and I have been figuring on a silk plant in which I have an interest and am director. I have found that in a number of industries, if you are talking about going into the business you can guess pretty nearly—it is only a guess—as to what you would have to invest to put up a plant, to get the land at a properly located spot, with the proper build- 33813
ings and machinery and apparatus. I do not want the witness to give me something that is a pure guess.

Mr. O'Brien: You could work that out minus the distribution system, could you, if you had a little time?

The Witness: Yes, I could separate that. That is what we have to use, your Honor, in our business to check up our figures, to see if it is anywhere within reason, the plant investment. It is not how much they have, but how much they should have and what is reasonable.

The Master: You work it out and give me your opinion about it. I will take your opinion on the subject.

Mr. Ransom: If that relates to the distribution system, or if it relates to land, I think it would become rather speculative.

The Master: Then leave out the land. If you are familiar with the conditions in 1914 sufficiently to say, give me your opinion when you come back for cross-examination as to what you think in 1914 would be fairly required under ac-

33815 cepted or generally accepted conditions, based upon a thousand cubic feet, to put up the building with the necessary apparatus to make gas.

Mr. Ransom: Your Honor has obviously taken what we may call the low-ebb year on prices. I would like the witness also to work out what his figure would be for the same thing as of today.

The Master: Yes.

Mr. Ransom: And as of 1917, so that he can be prepared to give those on cross-examination, if I desire it.

The Master: Yes, I think that is fair.

The Witness: I have percentage increases, your

33816 Honor, in the Chicago cases.

The Master: Do that. Let us have it for what it may be worth. I do not know whether it will help me any, but it may. We will see what it says.

Mr. O'Brien: He can work that out as to different periods.

The Master: I think if he takes 1914, 1917 and 1918 we will get a pretty fair idea of his opinion.

The Witness: Your Honor, 1914 does not vary from a ten-year average ending December 31,

33817

1916, and varies very slightly from a five-year average as of that time.

The Master: You can make that statement when you come back.

Mr. O'Brien: That will be all just now, your Honor. I will go on tomorrow morning.

The Master: When do you think you can cross-examine Mr. Little?

Mr. Ransom: I would like to ask if there are any more tables to be put in through Mr. Little, if Mr. Little has prepared any other tables or any other parts of tables, and if he could let us have the sheets now we could be checking them over. I would like to cross-examine Mr. Little on Monday morning.

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Mr. O'Brien: I propose, your Honor, to go ahead tomorrow morning with Mr. Sangster and recall Mr. Little on Monday morning as to some further testimony.

The Master: You prepare on what he has put in now.

Mr. Ransom: But if Mr. Little has got some further tables I should think we ought to have them.

Mr. O'Brien: They are not completed yet.

33819

By the Master:

Q. Are you working on some other tables, Mr. Little?

A. Yes, sir.

Q. When will they be ready?

A. They will be ready tomorrow.

The Master: As soon as they are ready give them to Judge Ransom.

Mr. Ransom: Will you send them to me tomorrow morning?

33820 *Louis R. Gottlieb, Direct.*

The Master: You will have to get them through Mr. O'Brien. If Mr. O'Brien can get these to Mr. Ransom tomorrow, Mr. Little can be back here for cross-examination Monday, and you can finish your proof and then they can finish their cross and be done with it.

LOUIS R. GOTTLIEB, a witness called on behalf of the defendants, was duly sworn and testified as
33821 follows:

DIRECT-EXAMINATION BY MR. CLARK:

Q. Mr. Gottlieb, where are you employed?

A. The Public Service Commission for the First District.

The Master: I do not hear a word you say.

The Witness: The Public Service Commission for the First District.

Q. What is your profession?

A. Economist.

Q. Are you a statistician?

A. Yes.

33822 Q. Did you under Dr. Weber's direction prepare the statement which I now show you entitled "Taxes Accrued Account, 1918, With Underlying Data, Consolidated Gas Company" (handing witness)?

A. Yes.

Q. Will you state where you obtained the information which is contained on this schedule?

A. From the 1918 Ledger, Folio 1112.

Q. And underlying that ledger folio you found what data which you used? Did you get a statement from Mr. Davidson?

A. Not in connection with this page.

Q. The first page is directly from the ledger?

A. Yes.

Q. As to Exhibit 1 on the second page, Exhibit 1 to Exhibit 5, what did you use for the preparation of those tables?

A. A statement on file in connection with the Journal reference, 1918 Ledger.

Q. And that was produced by Mr. Davidson?

A. Yes.

Q. On Exhibit 5, that appears here on page 5, the Special Franchise Tax appears under the column "Assessment Unpaid." Does it correctly appear in that 33824
column or not?

A. No.

Q. It should be in which column?

A. The first column, Original Tax Assessment.

The Master: Why don't you change it? The figure $15,404,250.00 ought to be under the heading "Original Tax Assessment."

Mr. Clark: Yes, sir.

Q. Exhibit 6, on the next page, your total $89,787.51, does that agree with the total of accrued interest as it appears on the books?

A. No.

Q. How do you account for that? 33825

A. The weekly items were bracketed and a lump sum was inserted under "Accrued Interest" and I recomputed the individual items and found my total was off about $60.

Q. You recomputed the original items of interest?

A. Yes.

Mr. Ransom: You found your total was off?

The Witness: Yes.

Q. Different from the books, you mean?

A. Yes, different from the statement on file.

33826 Louis R. Gottlieb, Direct.

Q. What does the Schedule, Exhibit 7, purport to show?

A. It purports to show the total amount of taxes paid by the Consolidated Gas Company—payable by the Consolidated Gas Company for the year 1918, and reconciling Exhibit 1 with Exhibit 7.

Q. Those figures are taken from that statement?

A. Yes.

Mr. Clark: I offer this tabulation in evidence.

The Master: All of the exhibits?

Mr. Clark: It is all included in one statement.

33827 The Master: But this that I have in my hand runs down—

Mr. Clark: It runs to Exhibits 10 and 11.

Q. The final exhibit in this schedule is a copy of what, Mr. Gottlieb?

A. The annual report of the Consolidated Gas Company to the Public Service Commission.

Q. The statements appearing in the annual report?

A. Yes.

The Master: This long sheet here?

The Witness: Yes.

The Master: What is the paper that you are offering now—this paper that I hold in my hand?

33828 Mr. Clark: That one, yes.

The Master: Any objection?

Mr. Ransom: I object to this on the ground that the witness is evidently trying to do what some of these other witnesses have done, namely, to get up a great mass of figures and tables which cover up and confuse the issue and accomplish the reduction or elimination of some items that should not be eliminated.

I call your Honor's attention specifically, further to the fact that under the guise of this elaborate tabulation, which becomes merely a subter-

33829

fuge, they have prepared what they call an Exhibit 10, which is only a different label on an exhibit, and that you have already excluded from evidence in this case. It contains matters which your Honor has specifically excluded, as does Exhibit 9; so that as usual behind this great mass of blueprint and mimeograph paper there is some purpose of obscuring or some whittling away of the company's property or expenses. There is a further purpose, namely, to get into the record in the guise of an exhibit an analysis of miscellaneous income.

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Mr. Clark: It is an analysis of the gross earnings tax, the same thing that Mr. Teele put in.

The Master: I think I will have to take this. I will take it.

Mr. Ransom: I call your Honor's attention to the fact that this relates to bond income.

The Master: Yes, I saw it. I looked at it.

Mr. Ransom: And Dividends, New York & Queens Electric Light Company.

The Master: The excuse for it is the segregation of the gross earnings tax, and I guess I will have to take it.

33831

Mr. Ransom: There also appears here interest on the corporate stock of the company and Government Bonds held for employees. Exception.

Marked Defendants' Exhibit A.A254.

Mr. Ransom: I call upon counsel to furnish us with copies of this.

Mr. Clark: Dr. Weber originally only had five of these copies made. That is the usual custom, or was with the other exhibits.

The Master: Who has the other copies?

Mr. Clark: The defendants, Dr. Maltbie has one and the other three defendants.

The Master: You better get one from them, Judge Ransom.

Mr. Ransom: I want one sent up to be checked and one to work on here.

The Master: Yes, you should have them.

Q. Mr. Gottlieb, I show you schedule entitled "Consolidated Gas Company Tax Payments, 1906 to 1918," and ask you whether you prepared that (handing witness)?

A. Yes.

Q. Did you have any help in preparing this table?

A. Yes.

Q. How many men helped you in that?

33833 A. Mr. Mayer, a junior accountant.

Q. What was the data which you consulted in the preparation of this table?

A. The tax bills, the tax vouchers, the ledger and the journal references, and information furnished by Mr. Davidson.

Q. You got information from Mr. Davidson when the tax bills were not available?

A. Yes.

Q. This purports to show the Taxes Paid by the Consolidated Gas Company during the years in question, the years from 1906 to 1918?

A. Yes.

33834 Q. Is it accurate?

A. To the best of my knowledge.

Q. So far as the records that you have and have used in this are concerned it is an accurate transcript from those records?

A. Yes.

Mr. Clark: I offer that in evidence.

Mr. Ransom: Same objection as before.

The Master: It will be received as Exhibit AA255.

Mr. Ransom: Exception.

Marked Defendants' Exhibit AA255.

Q. Mr. Gottlieb, I show you another schedule entitled "Schedule No. 41. Consolidated Gas Company Tax Accruals and Payments 1906 to 1918, Summary of Ledger Account, Taxes Accrued," and ask you whether you prepared that table (handing witness)?

A. Yes.

Q. From what data was that table prepared?

A. From the ledgers, the journals, and from statements on file which Mr. Davidson furnished, and from the preceding schedule.

Q. You have divided the Taxes Accrued and Credits during the year into four classifications. Will you state to what those classifications correspond in Schedule No. 40, which is Exhibit AA254. 33836

A. 1918 the figure $1,298,682 corresponds with credits charged to gas operations. The figure $291,136.60 corresponds to the amounts charged as non-operating revenue deductions taxes, and the figure $70,308.09 corresponds to the amounts charged as miscellaneous operating revenue deductions taxes.

Q. And the fourth classification, "Miscellaneous"—

A. The $4,790.80, which is the sum total of $2,950 plus $1,840.80, corresponds to "Miscellaneous," Class D. 33837

Q. Prior to the year 1916 there is no classification of B and C on this schedule. Will you explain why that is?

A. Well, Mr. Davidson told me that from 1915 on there was a division made between the three classes. The data for 1915, he said, were not available, and I threw the whole amount into "Charges to Gas Operations" for lack of data.

Q. And prior to 1915—

A. According to the records and according to the statement made by Mr. Davidson, there was no division of that sort.

Q. You have checked this table?

A. Yes, sir.

Q. Is it accurate?

A. Absolutely.

Mr. Clark: I offer it in evidence.

Mr. Ransom: I make the same objection, and the further objection that they do not undertake to say that anything Mr. Teele put in was wrong.

33839 The Master: I will overrule the objection.

Paper received in evidence and marked Defendants' Exhibit AA256.

The Master: You will be called for cross-examination after they get a chance to check this up, Mr. Gottlieb.

(Witness excused.)

(Conference off the record.)

The Master: Counsel for the defendants are directed to produce Mr. Frank for cross-examination tomorrow, Saturday morning, at ten o'clock.

Counsel for the defendants are also directed to have in court tomorrow morning at ten o'clock,

33840 Mr. Little, for cross-examination on the matters testified to by him today.

Counsel will also note that beginning at 9:30 Monday morning the Master will sit continuously, holding evening sessions, ready to accept all of the proof offered by the defendants, and that on the defendants making the statement that they have no further proof to offer at any particular time. On motion of the complainant's counsel, I shall direct the defendants' case to be closed.

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Mr. Chambers: How about complainant's case?

The Master: The complainant, immediately upon defendants' case being closed, will proceed with any rebuttal they may have.

Mr. O'Brien: I want to take exception to our going on tomorrow. I produced my witness here today ready for cross-examination, and he left here only after you had directed that he should come on Monday morning with a continuance of his direct testimony. There was no indication made while he was in court, and when that arrangement was made that Mr. Ransom 33842
would be ready to go ahead with the cross tomorrow. You directed that tomorrow be set down for the introduction of the books of the complainant company and the Astoria Company, in evidence. Before Mr. Little and Mr. Bemis left here, I made arrangements with them as to that program, and I think that just as much can be obtained in the shape of expedition by going ahead on Monday morning. The work will be more complete and time will be saved by having that work complete. It was only the promise that I made to you that I would go ahead today that brought Mr. Little here, and brought my- 33843
self. He has been under a doctor's care for four days with an attack of the grippe, and I certainly would not have come today, feeling as I did with a cold, if I had not promised to go ahead with the case. I wanted to do my part to proceed with the trial. I therefore suggest that your Honor put it over until Monday, and not start with two hours tomorrow, on Saturday. It will simply break up the day. I made that arrangement with Mr. Little before he left today, and it is a discussion that has caused you to change

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your mind. Time will be saved instead of lost by a proper adjournment, time will be saved on Monday in the further direct of Mr. Little, and the presentation of the testimony of Mr. Sangster, and I take it, from the figures that will be produced by Mr. Sangster, that Mr. Ransom will have to have some time to check them up.

The Master: That is up to Mr. Ransom.

Mr. O'Brien: I think we ought to be allowed to complete the case without this hurry and rush, and while the days have not been filled up this week, that has been due to the fact that we did
33845 not get an adjournment at the close of the complainant's case. The last week in December we talked about an adjournment. We have not had the benefit of an adjournment at the close of the complainant's case. I have been engaged in the preparation of this case right along until all hours of the night. Last night it was twelve o'clock. Night before it was twelve o'clock, and for a time back, and I know that I cannot stand it physically, and nobody can. I have tried to meet the Court's demand that we go ahead. Mr. Little has run a risk in coming out to try to get himself in shape to go on today. On what might be
33846 called a reasonable expectation, we would have filled up the day with Mr. Little's testimony. That is why we made our plans as we did. Now, I ask that your Honor do not sit tomorrow in a brief session, but let it go over until Monday.

The Master: The session is not apt to be brief.

Mr. Ransom: It won't be brief. I will occupy the day with Mr. Little.

The Master: I will let it stand. Ten o'clock tomorrow morning.

33847

Mr. O'Brien: The man is a sick man, and he ought to be given a couple of days to be ready.

The Master: No, ten o'clock tomorrow.

Mr. Chambers: I enter our protest against going on Saturday.

Mr. O'Brien: All I can say is I do not think it is fair to force the defendants in this way, and I protest against it.

Adjourned to Saturday, January 24, 1920, at 10 A. M.

33848

Last Complainant's Exhibit 451.
Last Defendants' Exhibit AA256.

33849

CONSOLIDATED GAS COMPANY OF NEW YORK vs. NEWTON, ETC., *et al.* 33853

Before ABRAHAM S. GILBERT, Special Master.

NEW YORK, January 24, 1920.

Met pursuant to adjournment.

Present: MR. RANSOM, MR. VILAS and MR. GOETZ, of Counsel for Complainant.
MR. CHAMBERS, of Counsel for defendant Newton.
MR. HAYWARD, MR. CLARK and MR. NEUMANN, of Counsel for Public Service Commission. 33854
MR. O'BRIEN, of Counsel for defendant Swann.

Mr. Clark states that Mr. Frank, who was to appear for further examination, has been sick for three or four days, and is not present.

Mr. O'Brien: I am going to insist upon Judge Ransom going ahead with Mr. Little. I told your Honor yesterday that I had been sick, and it was only under the strong compulsion to appear I have come at all. 33855

Mr. Ransom: All right, I will go on with him.

Mr. O'Brien: I have come here under that compulsion and duress today. I told you and

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Judge Ransom the position I was in, and I was forced on. I am here today having had a temperature last night.

Mr. Ransom: And I was up all night myself with a sick baby, too.

Mr. O'Brien: There is no occasion for trying a lawsuit in this way.

The Master: Mr. O'Brien, I have just been asked whether in view of my directions all the witnesses must be here on Monday morning at 9:30 and the witnesses will be required to sit around here wasting their time. That direction is

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not to be taken as literally as that. What I mean is that I want every witness on tap Monday morning at 9:30, but all I want is enough to be occupied continuously. I do not want one counsel to depend on another counsel to have witnesses to appear, and I do not want anybody to assume that a witness is going to take three days instead of an hour. What I want is to have them ready and on tap. I do not want Mr. Bemis or anybody else sitting around.

Mr. O'Brien: I see.

Mr. Ransom: Mr. Goetz states that Mr. Frank is on his way down; he telephoned to him.

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Mr. Goetz: I telephoned to the Commission and they told me that Mr. Frank was on his way down to court.

The Master: We will wait until he arrives. I do not think Mr. Goetz should have 'phoned up for him.

Mr. O'Brien: Your Honor, I insist on the cross-examination of Mr. Little being conducted. I want to leave here at the earliest possible moment. I came out at great risk in this rainy weather, with the grippe prevalent in New York City, and I took my chances in coming

down here because you insisted upon our going on. I insist that they proceed with Mr. Little. That was the arrangement you made at the close of the session yesterday.

Mr. Goetz: I had understood Mr. Frank was going to come down here, and it was only to make sure that he was going to be here that I 'phoned, that is all.

Mr. Ransom: I will go on with Mr. Little.

The Master: I told Major Clark not to bring Mr. Frank until we got through with Mr. Little.

Mr. O'Brien: I want to ask Mr. Little a few 33860
questions to complete what we were on yesterday.

ARCHIBALD S. B. LITTLE resumed the stand.

DIRECT-EXAMINATION CONTINUED BY MR. O'BRIEN:

Q. Mr. Little, the position which you now hold in the Public Service Commission of Illinois you attained after passing a civil service examination?

A. I was appointed first and then I took a civil service examination and passed. Then the Act was changed and the administration was changed, and I was reappointed and then took another civil service examination and was the only one that took it that 33861
passed.

Q. What do you say with respect to the prices for coal and coke that you have used in your exhibit?

Mr. Ransom: I do not just understand what that means. Do you mean you ask him as to the reasonableness of prices?

Q. What prices did you take?

A. So far as concerns coal I took the averages for the year 1919 as disclosed by the company's books, which I examined. So far as concerns coke, I applied what I consider reasonable prices for properly

prepared coke, such as could be sold in this District or used in this District in the manufacture of gas.

Mr. O'Brien: The books of the Astoria Company, some of them, are here, your Honor, and some are on their way. I suppose we could proceed with the cross-examination, with the privilege of putting in the basis of some figures when they come.

The Master: You do not need to have the books here, all you need to do is to refer to the pages. Proceed.

33863 Mr. Ransom: I just get the word that it is very important from the viewpoint of the Accounting Department and what they are working on, to get these books back, and if any of these books are to be offered there are thirty or forty volumes here, I should like to have them identified and have the books sent back.

The Master: You can go ahead until all the books are here.

Cross-examination by Mr. Ransom:

Q. Mr. Little, by these tables which you have made up in this exhibit, do I understand it to be your view that under present costs of labor and materials and
33864 with present plants this complainant company can or cannot make and distribute gas at 80 cents and earn a fair return on necessary investment?

Mr. O'Brien: Objected to on the ground that the exhibit speaks for itself. The witness has produced the exhibit of production costs.

The Master: Objection overruled.

Mr. O'Brien: He has only added the other for the purpose of making up his tabulation.

The Master: Objection overruled.

Mr. O'Brien: Exception.

A. You are asking me for my opinion.

Q. Yes, or what you intended to convey by those tables.

A. I intended to convey that I do not know anything about the investment, the fair cost of the property, the fair value of the property, the fair operating expenses beyond the holder but I have used certain figures, and I do not know whether or not the rate is sufficient for the character of service given, because that is something entirely for the Master to decide.

Q. Well, you have some impression as to the extent of investment that is necessary in order to make and distribute gas? 33866

A. I have.

Q. You have undertaken here to set forth certain figures with respect to costs, and I ask you whether it is your judgment that the company can with present plants and present cost of labor and material, make and distribute gas at 80 cents and still make a return on the investment?

Mr. O'Brien: Objected to.

The Master: I do not think that is a good way of asking it. You can ask him what he intends to show, if anything, as to what it costs to make gas, with the present plants and the present price of coal and labor. I understand he has taken the distribution figures. 33867

Mr. Ransom: No, he has very radically revised them in a way that will appear later.

Mr. O'Brien: You can take out that exhibit; it would not make any difference, your Honor.

Mr. Ransom: I want to get the operation of the witness's mind, your Honor.

By the Master:

Q. Do you intend to show by any of these tables that the Consolidated Company, with its present plants and with the present price of oil, coal and labor, can make and distribute gas for 80 cents?

A. No.

Q. What?

A. No.

Q. What do you mean by no, that it cannot be done or it can be done, or that you do not intend to show it either way?

A. I do not intend to show it either way, that is not my province. That is something for the Court to decide. I would not presume to infringe upon the duty of the Court.

By Mr. Ransom:

33869 Q. Have you formed any judgment or opinion on that?

Mr. O'Brien: The witness testified he did not go into distribution expenses, so called.

Q. Have you formed any judgment or opinion on that question?

Mr. O'Brien: I object to it, your Honor, for the reason that the witness has been called to produce his opinion of production costs, and he stops there. The only use made of further figures was to round out the table and in order to show you where those production costs might lead.

The Master: I am assuming that the question
33870 takes into consideration the fact that Mr. Little has taken the distribution costs as they were, without any statement on his part that they are right or not. Taking those figures, he can answer this question.

Mr. O'Brien: Well, he explained that pretty thoroughly yesterday.

Mr. Ransom: Mr. Little showed pretty thoroughly that he used his own judgment about distribution costs, and has altered them in a number of respects to which I will direct attention.

The Master: The gas that may be sold with the present plants and under the present prices of coal and oil.

Mr. O'Brien: I do not know where this is going to get you. You would rule out the impression whether they are making any money or not.

The Master: Yes, but this is proper cross-examination. That is the trouble.

Mr. O'Brien: I take it we are here for business, not for anything else. The witness has stated the scope of his inquiry and the results of 33872
it, and I think counsel should confine himself to what is in the exhibit.

The Master: The question is allowed.

Mr. O'Brien: Exception.

A. I would like to get the question very straight, your Honor. I realize it is quite important.

Q. Is it your judgment that this company, with its plants and with the present costs of labor and material, can make gas and sell it at 80 cents, and pay those costs, and earn a return on what you would consider as necessary investment?

Mr. O'Brien: Same objection.

The Master: Same ruling. 33873

Mr. O'Brien: Exception.

A. No.

Q. You do not believe it could?

A. I do not. I will qualify my answer now, if I may.

The Master: Yes.

The Witness: Assuming, that is, the expenses beyond the holder which I have taken, which are as near as I can show them, the fair costs based upon Mr. Teele's setup of the books. I do not know if they are reasonable or not. Some of them I believe are unreasonable.

Q. We will come to some of those in a minute; but, Mr. Little, after you had been interrogated by Mr. O'Brien yesterday you made certain corrections in your schedule. I call your attention to Section 2, Sheet 8, the sentence reading "The cost of the oil has been figured at 6 cents per gallon," and I ask you what was the whole of that sentence as originally written and prepared by you?

A. No. 8, Section 2. "Based on contracts placed by other companies recently."

Q. So that as prepared by you that sentence read,
33875 "The cost of the oil has been figured at 6 cents per gallon based on contracts placed by other companies recently"?

A. Yes; that should be "in this district."

Q. You mean that is the price at which other companies in this district have placed contracts? Do you mean in the City of New York?

A. No, not necessarily in the City of New York.

Q. Do you know the prices at which other companies in the New York area have recently placed contracts?

A. From reading the testimony I do.

Q. Those are very much higher than 6 cents, are
33876 they not?

Mr. O'Brien: Objected to as contrary to the testimony in this case.

The Master: I will allow it.

Mr. O'Brien: Exception.

Q. Very much higher than 6 cents, were they not?

A. I think "very much" is saying too much. They are higher.

Q. The Bronx Gas & Electric Company was 7 1/2 cents, was it not?

Mr. O'Brien: I object to that. The testimony speaks for itself.

The Master: Objection overruled.

Mr. O'Brien: He is asking the witness what the testimony is. The contracts showed 3 cents and 3 1/2 cents.

The Master: This is cross-examination.

Mr. O'Brien: Exception.

Q. You know that there is in evidence in this case the contract made by The Bronx Gas & Electric Company for 1920 at 7 1/2 cents, do you not?

Mr. O'Brien: It is 5 3/4, a contract made last April.

Q. You have read in this record the contract of The Brooklyn Union Gas Company running from 7 to 8 cents for 1920 deliveries; did you not? 33878

A. That is true, and I know—

Q. And you read the contract—

A. Can I finish?

Mr. O'Brien: Just let him finish.

The Witness: I know of other contracts placed at 5 cents, but not in New York.

Q. Not in the city or thereabouts?

A. No.

The Master: Where.

The Witness: In Philadelphia.

Q. Did you read the testimony of the witness called by the defendants Mr. Pearson of the United Gas Improvement Company, as to the present market prices of oil in Philadelphia? 33879

A. No, I have not seen his testimony. It was just for lack of time, that is all.

The Master: When you get through with this particular line of questions I want to recall Mr. Frank and let him go.

Q. On one of the sheets of this exhibit, Section 4, Sheet 7—

The Master: That is not directly connected with this line.

Mr. Ransom: Yes, very directly connected.

Q. (Continued.) You say concerning this figure of 6 cents per gallon "That is more than other companies pay under reasonable contracts. It is nearly double what is paid in Chicago on some of the oil."

The Master: What page is that?

Mr. Ransom: That is Sheet 7 of Section 4.

Q. (Continued.) You were a witness in the People's Gas case before the Public Utilities Commission of
33881 Illinois not long ago?

A. I was.

Q. And you made up various tabulations in that case?

A. I did.

Q. With respect to Chicago prices of oil?

A. I did.

Q. Do you remember testifying on page 2036 of the record in that case that the average price of the oil of the Chicago Company per gallon at that time was 6.6516 cents?

A. I stated that that was as shown by the records. I would like to explain that. I criticized the company
33882 there somewhat severely—it may have been presumption on my part—as to the prices they were paying for oil.

Q. That was in the spring of 1910, February to April?

A. Yes. They brought in experts to show that that was the lowest price they could produce oil at, and I was no sooner off the stand than they went and made a contract just over three cents.

Q. That spring of 1909 was a time when oil prices were going down?

A. Yes, and reasonable men took advantage of the fact.

Q. And the Consolidated Gas Company took advantage of the fact, as you have learned from the record in this case?

A. It may be.

Q. Did you also testify in the Chicago case at page 3766 of the record that with respect to the quantities of oil which the company had under contract that the average price was 6.3238 cents per gallon?

A. I did, and I would like to explain that. The company afterwards had to come in and retract and apologize for not having furnished me with copies of all contracts. There were other contracts that they did 33884
not disclose, of which I have since received copies, and they were put in the record in that case.

Q. Now, this figure of six cents which you have used in this tabulation, which you say was based on contracts placed by other companies in the east, was not purely an assumption on your part then as originally prepared?

A. I do not quite catch that.

Q. You did not merely assume that, you based it on these other contracts, this six cent figure?

A. Yes, six cents I think would be the maximum.

Q. With respect to oil for 1920 delivery, do you regard six cents as a maximum, reasonable maxi- 33885
mum price.

A. If you were going out to make contracts now, I will say it is not.

Q. What do you think is the situation now in that respect?

A. It does not pay to be a prophet.

Q. What do you regard, from your knowledge?

A. I only know what I have been told by others.

Q. Well, what have you been told?

A. That the market price of oil is very unstable, and there is no knowing what the price will be.

Q. Would you say it is above or below seven cents?

A. Above.

Q. How much above, about seven and a half?

A. I am not sufficiently familiar with the situation to state.

Q. Don't you look for oil at eight and ten cents during 1920, the latter part?

A. The figure of ten cents has been given to me by gas engineers—

Q. As a probability?

A. As a probability and by oil men that I have

33887 spoken to.

Q. Does it also represent your judgment?

A. I don't know. An awful lot is liable to happen. I have seen men make prophesies about oil and fall down very badly.

The Master: What is the best guess you can make? We are all guessing at it. What is your guess, and what do you base it on?

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial. The witness has stated that the conditions under which he used the figures of ten cents contemplate the making of contracts long before the time they are used,

33888 or at least some time prior to the time when the oil is used.

The Master: That is argument.

Mr. O'Brien: You are asking him to guess what may happen in Mexico, and a lot of other places.

The Master: His judgment is a guess. We might just as well call a spade a spade. Opinion evidence is the witness's guess. Give us your best judgment, or guess, or whatever you call it. Is it going to go to ten cents?

The Witness: I think spot oil will go to ten cents, yes.

Q. You spoke of some three cent oil, a contract made in the spring of 1919 of the Peoples Gas Company. How large a contract was that?

A. Four and a half million gallons of 28 to 30 Beaume oil delivered during September, October and November, 1919; price .03884 per gallon Chicago, freight paid, but not inclusive of the war tax. Similar contract on the same day between the same parties for another four and a half million gallons of 26 to 30 gravity, for delivery in the summer months when that gravity could be used better, price .0336 per gallon. They had an option on two trainloads of 60 cars at a 33890
price of .01607 per gallon, at Wilson, Oklahoma, to which would have to be added freight and war tax.

Q. What is the name of these companies that had these contracts?

A. This contract was the Sinclair Refining Company, which is an active competitor of the Standard Oil.

Mr. O'Brien: I offer in evidence General Ledgers 1, 2, 3 and 4 of the Astoria Light, Heat & Power Company; Operating Ledgers for years 1899, to August 31, 1919; Operating Ledgers for years 1899, to August 31, 1919; Construction Ledgers, 1899 to August 31, 1919; Books of 33891
Trial and Post Closing Balances, 1899 to August 31, 1919; Accounts Receivable Ledgers, 1899 to August 31, 1919; Accounts Payable Ledgers, 1899 to August 31, 1919; Accounts Receivable Blotters Nos. 1, 2, 3, 4, 5 and 6; Voucher Records, Nos. 1, 2, 3, 4, 5, 6, 7, 8 and 9; Records of Manufacture, Nos. 1, 2 and 3.

Consolidated Gas Company, Record of Manufacture containing records for Astoria Works, years 1906 and 1907; Trial Balance Book of Construction Ledger, years 1918 and 1919; Record

33802

of Gas made and sent out, years 1907 to 1919, inclusive; Accounts Receivable, Trial Balance Books, 1903 to 1919, inclusive; Accounts payable, Trial Balance Books, 1907 to 1919; Construction Ledger Balance Books, 1918 and 1919; Gas Production Statistics for 1918, and eight months of 1919; Manufacturing Records for the same period, 1918, and eight months of 1919.

I offer these insofar as they show figures contained in the books, without any assent to their correctness, for the purpose of making tabulations and drawing figures from them for the pur-

33803 poses of testimony.

The Master: Any objection?

Mr. Vilas: I object to it as incompetent, irrelevant and immaterial.

The Master: Well, you say it so quietly, I wonder whether you are really objecting or not. Now, these are the books of the Astoria Light, Heat & Power Company, and to some extent some of the books of the Consolidated Gas Company.

Mr. O'Brien: One or two Consolidated Gas Company records.

The Master: So far as the Consolidated Gas

33804 Company is concerned there can be no question about it. As to the Astoria Light, Heat & Power Company books, the evidence is that all of the stock of the Astoria Company is owned by the Consolidated Company. The Astoria Company is really the Consolidated Company in substance and effect. Am I required to receive these books just as if they were Consolidated books? What do you think about that, Mr. Vilas?

Mr. Vilas: Do I understand that you have offered the operating ledgers of the Astoria Company?

33895

The Master: I suppose this must be true, Mr. O'Brien and I would like to have that clear, that if there is any other book of the Astoria Company which bears upon and explains in any way anything in the books that you have offered there cannot be any objection to their offering other books of the same company explaining these books.

Mr. Vilas: That is the point I had in mind.

The Master: If any situation arises—you probably have all of the books of the Astoria Company?

33896

Mr. O'Brien: They are presented by us, of course, and offered in evidence as admissions against interest.

Mr. Vilas: They are not admissions of the complainant company.

The Master: It is substantially the complainant company. What I want to make sure is that Mr. O'Brien concedes the proposition because if he does I am perfectly clear that these books must go in, that if there is some other book of the Astoria Company that bears upon any item in these books now offered, that those additional books may be received by me without objection, not as binding on you any more than these books are, but as an explanation of items in these books.

33897

Mr. O'Brien: I understand that your Honor makes the same ruling as you did with reference to Senate Document No. 47.

The Master: This is not one document.

Mr. O'Brien: I think we have produced them all, we are thinking of some situation that may not arise at all. We have taken all the books they have disclosed.

The Master: I will allow them, and I will likewise rule now that if there is any book that has not been offered that bears on these, I will re-

ceive that as part of the same series of documents representing the books and accounts.

Mr. Vilas: These are substantially all of the books they have here. Is it necessary to mark them all?

The Master: We will not mark them all. They will be considered in evidence as identified on the record here.

Mr. O'Brien: I suppose we can send the books away. If there is a question about some figure we can bring the book back.

33899 The Master: Now, is there anything in these books that you want, Mr. O'Brien? Do you want any further use of these books?

Mr. O'Brien: If the cross-examination of Mr. Little continues they may want to ask about some figures. I won't need them.

The Master: Mr. Ransom, you said you wanted the books here, did you?

Mr. Ransom: Mr. Sangster is not going on today?

The Master: Why, they have just put the books in evidence.

Mr. Ransom: I don't think I will need them.

33900 The Master: If you don't need them they can go back.

CHARLES FRANK recalled.

CROSS-EXAMINATION BY MR. GOETZ:

Q. Mr. Frank, in the preparation of these Schedules 14 and 15, which are marked Defendants' Exhibits 248 and 247, did you do this work under the instruction of Mr. Maltbie?

A. No.

Q. Wasn't it intended by you that these tables should be a complement to the tables put in by Mr. Silverman?

Mr. Clark: I object to that question.

A. No, I don't know anything about such tables.

Mr. Goetz: I just wanted to see how they linked up with the series of documents in the case.

The Master: Go ahead.

Q. Now, taking your Table 15, Defendants' Exhibit AA247.

A. Yes.

Q. The sheet entitled "Meter Property Account, January 1, 1906, to December 31, 1918, from Operating Ledgers," the adjustments of debits and credits appearing on that shows your own adjustments, and not the adjustments which appear in the precise figures in the Operating Ledger, do they not? 33902

A. Which page do you refer to?

Q. The page entitled "Meter Property Account, January 1, 1906, to December 31, 1918, from Operating Ledgers?"

A. Well, I do not see anything there as to adjustments on that page.

Q. Well, the debits and credits, are they the debits and credits which appear precisely in those figures in the ledgers of the company? 33903

A. No, I do not think they would appear precisely that way. They are probably the result of my analysis.

Q. But the column of figures headed "Balance at Close of the Year" agrees precisely with the Ledger figures?

A. Yes.

Q. In other words, as the result of your computations and the rearrangements of the debits and credits, you got to the same figures that the Ledgers give?

A. Yes.

33404 Charles Frank, Cross.

Q. Take the next sheet entitled "Meter Property Account, Detail of Charges, 1905 to 1918." Was that taken wholly from the Ledger?

A. It was taken from the invoices, the underlying papers.

Q. That is, the Meters Purchased and the Meter Parts were all taken from the invoices?

A. Yes, sir.

Q. And Other Companies and Undistributed were segregations of the account?

A. Yes.

33905 Q. The last column entitled "Total," however, arrives at exactly the same figures that the Ledger does?

A. Yes.

Q. Will you take your sheet entitled "Number and Cost of Meters Bought Each Year, 1906 to 1918, by Sizes, Compiled from Meter Invoices."

A. Yes.

Q. Is it not a fact that on this sheet you have set forth the same information with regard to Meters Bought that you do on the prior sheet entitled "Meter Property Account, Detail of Charges, 1906 to 1918," and in addition to that you set forth the number and the cost of each class of meters.

33906 A. Yes.

Q. However, the Total Cost of Meters Bought as shown on the latter sheet, Number and Cost of Meters Bought Each Year, 1906 to 1918 by sizes, compiled from their invoices, that differs from the Total Cost shown on the prior sheet? In other words, in one place you show the Total Cost to be $1,106,558.88 for the Period 1906 to 1918, taken from the invoices.

Mr. Clark: I object to that. It appears they exactly coincide, those figures.

Mr. Goetz: No, that isn't the—

The Master (interrupting): That is not a ground of objection.

Mr. Goetz: No, I want to develop, I will state frankly what the purpose of my cross-examination is. I want to develop either the coincidences or the differences between the books of account and these tables.

The Master: Go ahead.

Q. Oh, Mr. Frank, on one sheet you show the Total Cost of Meters Bought from 1906 to 1918 of $1,233,568.35, and on the other sheet you show the Total Cost of Meters Bought as abstracted by you from the invoices to be $1,106,558.88 for the same period. 33908

Mr. Clark: I object to that.

Q. Is that a fact?

Mr. Clark: One page here does not show the total cost of meters purchased as $1,233,000, it shows $1,106,000.

The Master: Let the witness explain it.

A. The first column on the page headed "Meter Property Account, Details of Charges 1906 to 1918," the first column is headed "Meters Purchased," and the total for the period is $1,106,558.88; the page headed Section 1 Summary, the third column of Meters, the total is $1,106,558.88. They agree. The other columns on the page first referred to include other than meters, they include Meter Parts and Discounts Charged to Other Companies, and the column headed "Undistributed," which includes other items than the meters themselves. 33909

Q. You do not claim that the fixed capital account of the Consolidated Gas Company for meters should be reduced from $1,233,568.35 for this period to $1,106,558.88, do you?

Mr. Clark: I object.

A. I do not.

33910 Charles Frank, Cross.

Q. Can you say from your examination of the invoices and the other books and records of the Consolidated Gas Company whether the meter parts are repair parts or parts of the meter which go to the capital account?

A. A very large part of the meter parts are prepayment attachments, which properly belong in the meter accounts, so far as my examination discloses.

Q. In preparing this summary of the number and cost of meters bought each year, and the underlying tables from 1906 to 1918, by sizes, did you go through all the invoices that the company had from 1906 to 1918?

33911

A. We went through all the invoices which the company furnished us. There were some missing and could not be found.

Q. Do you remember getting a—

The Master: What did you do with the items of invoices missing? Did you take the book entries, or did you eliminate them?

The Witness: We had to eliminate them and put them among the undistributed.

Q. Well, now, you don't show on this summary sheet any undistributed items, do you?

33912

A. There is a column there, "Undistributed."

Q. On this summary entitled, "Number and Cost of Meters Bought Each Year"?

A. No, that covers only the actual invoices which we found.

Q. Do you remember getting a batch of invoices from the New York Improved Meter Company to the Consolidated Gas Company which you did not include in this compilation?

A. I believe those were included.

Q. Isn't it a fact that you got this data after you had already completed your calculation and draft,

and then you said you did not want to change the figures?

A. It is my recollection that we received the first place those bills of the New York Improve Meter Company, that they were returned to Mr. Davidson, and that when we went to check our figures those could not be found, so on the second check we did not have those.

The Master: And you eliminated them?

The Witness: No, we let them stand.

The Master: You let them stay there?

The Witness: Yes. 33914

Mr. Clark: That was explained on direct, that they could not get the check.

Q. In arriving at the average cost of meters, don't you think that the cost incurred by the company for meter parts, and forming parts of this capital account, should be included?

A. No. The way this table was prepared I do not, because this shows the actual cost of the meters bought during that period. That is, if a prepayment meter of a certain size was bought, it shows its cost during that period.

The Master: Yes, but you said you did not add the prepayment part to it.

The Witness: No, because we could not tell just which meter it was attached to. If it was attached to an old ordinary meter, we could not arrive at the cost. 33915

Q. But the figures, the cost of the meters to the company were increased?

A. It increases the total cost of the meters to the company, but you cannot segregate it and show the cost of prepayment—of a converted prepayment meter in this table.

Q. If you take the total cost of the meters to the company and divide that by the number which it has

to arrive at an average cost of all meters, you would have necessarily to include the cost of the parts, wouldn't you?

A. Oh, if you take the whole thing, yes, that is from the beginning.

Q. On two sheets of this table or schedule, you have certain comments or notes which do not necessarily comprise figures transcribed by you from the books, is that correct?

A. No, they are notes made during the progress of the examination.

33917 Q. You say in one of these notes, "The Schedule of Meter Retirements for 1918, as reported to the Commission, Annual Report, page 48, does not agree with the meter shop records." In what respect?

A. In the number of meters retired during the year.

Q. The number of meters—

The Master: Retired.

The Witness: Retired during the year.

Q. Do you know why there is this difference?

A. No, I do not.

Q. Do you know what there is included in the report of meters retired which is made to the Public

33918 Service Commission?

A. It is headed "Meters Retired." My understanding is, and this was confirmed by a conversation with Mr. Armstrong the other day, that they were the actual meters retired, charged off.

Q. Well now, you compared the annual report figures with the meter shop reports?

A. I compared the total meters retired shown in the report with the total number of meters as tabulated from these monthly meter shop records.

Q. What did you understand is included in those meter shop reports concerning meters retired?

A. That those were the actual number of meters of various sizes scrapped or taken out of service.

Q. Did you know the various kinds of retirements that are reported by the meter shop?

A. I know that there were various kind, but I cannot remember just the different classifications just now.

Q. Well, is it correct that the meter shop reports contain the data with regard to meters lost?

A. They do.

Q. Meters destroyed by fire; meters condemned; meters found during each of the months? 33920

A. Yes.

Q. Do you know of any other kinds reported in these meter shop reports?

A. Will you read those four classifications again?

Q. Meters lost, destroyed by fire, condemned and found?

A. I think that would about cover it.

Q. Now, have you not learned as a matter of fact, from your investigation and your familiarity with what is required by the Public Service Commission to be reported in its annual reports, that the commission's heading retirements includes various other kinds of changes in the use of meters, or in the property account of meters? 33921 Do you not know that the meters sold by the Consolidated Gas Company are reported in the number of retirements, whereas they are not reported in the meter shop reports?

A. Yes, I should say that the meters sold is retired from service, yes.

Q. And none of the meter shop reports that you have seen or have used, contained that information?

A. No.

Q. Do the meter shop reports contain informati

33922 Charles Frank, Cross.

with regard to the conversion of meters from prepayment to ordinary, or from ordinary to prepayment?

A. They did not, so far as I can recollect.

Q. And do you not understand that the annual report by using this single classification of meters retired compels this company to report the conversion of meters as well as the sale of meters as meters retired?

A. My recollection is the annual report of the Consolidated Gas Company in the column headed meters added during the year—I refer to 1918—the note
33923 covering the conversion applies to the column added, and it was my interpretation that that took care of these conversions in the column added.

Q. In the 1919 annual report?

A. 1918. In my copy of it there is a star or something at the top of the column added.

Q. Well, is it true as to all of the other years?

A. I do not recollect that.

Q. Well, isn't it a fact that that is so as to other years?

A. I would not say that it is a fact.

Q. Well, look at the 1917, or any other report, and tell me whether that is a fact with regard to the other
33924 years (handing report).

A. There is a cross at the top of the column F "Meters Bought During the Year," and the note opposite the cross reads, "Includes meters found and meters transferred from Prepayment to Ordinary."

The Master: That is in column F?

The Witness: Which is the "Added" column.

Q. But you did not take the added column in comparing your figures from the shop reports with the annual report of meters retired?

A. I made a comparison of those, yes.

Q. Did you include the added meters in the retired meters which you prepared in making the comparison?

A. According to this the added meters found is in the bought column, and not in the retired column.

Q. What page is that?

A. On this one it is on page 48.

Q. Take the annual report for 1913, do you find the same information given?

A. The column headed bought during the year, has a note, "includes Transfers between ordinary and prepayment." There is no note against the retired 33926

Q. Well, you made your comparison between the column retired and the meter shop reports?

A. I did.

Mr. Clark: I object to further cross-examination on years back of 1918. The statement he is questioning and cross-examining him on is the schedule of retirements in 1918.

Mr. Goetz: Well, right after that appears a reiteration of the statement, "Comparison of the Amount of Meter Retirements in Prior Years, Disclosed Discrepancies Between Such Amounts and the Results Obtained by a Computation on the Basis of the Schedule of Meters Retired from 33927 the Annual Reports and the Unit Prices on the Above Schedule." It goes back to the entire period.

Q. Would you now say, in view of the facts to which I have called your attention, that the meter shop reports necessarily, if they are correct, should coincide with the totals given in the annual reports of the company? Is it not a fact that the annual reports of the company contain additional information which is not shown in the meter shop reports?

33928 Charles Frank, Cross.

A. If the 1918 report is correct as to the number of meters retired, then you have failed to bring into your books the meters which you say might have been sold, and which were not taken into the meter records, because a computation of the number of meters retired, according to those meter shop records, at the prices shown there, which is your schedule, exactly equals the amount of the ledger retirements for 1918, that is the book figure dollars of meters retired.

Q. That is true as to the ledger, and if you had taken your figures from the ledger there would be no
33929 difference. You have taken your figures from the annual report, which includes other information.

A. But if you actually retired those meters, why, they are not taken into the books.

Q. You take it in 1917, the company sold 2,000 meters to the Sprague Meter Company at 75 cents apiece which were not included in the station reports, but were included in the reports to the Commission of meters retired. Could you make a comparison between the annual report number—

A. I did not take the 1917 meter shop records.

Q. Nor for the other years?

A. Nor for any year but 1918.

33930 Q. Is it not a fact, and you have so confirmed that by your examination of the books of account of the company and its method of accounting for meters retired, that the company charges off its capital account meters retired at the Rowland appraisal figures, until it will have retired all the meters which were in the capital account on December 31st, 1908?

A. All I know is that they retired them at a certain figure which I have been told was the Rowland appraisal figure. What theory they retired them on at that figure I do not know.

Q. You have not found that the company has re-

tired to the present time as many meters as were included in the capital account as of December 31st, 1908?

A. No, they have not retired that amount.

Q. Upon the retirement of meters which were acquired by the Consolidated Gas Company prior to 1906, do you mean to imply by any of your calculations that the company should write off its capital accounts the retirements at the average prices from 1906 to 1918?

A. To be absolutely correct I think the company ought to retire the meters which were purchased after 33932
1906, at the exact price they cost, yes.

Q. As to meters acquired before 1906, would you say that the company ought to retire them at the average cost which you have computed from 1906 to 1918?

A. They ought to compute them at what they actually cost. I do not know what they actually cost.

Q. You do not mean to imply that the company ought to rewrite its capital accounts at the present time so as to show as the cost of its meters the number of meters on hand multiplied by the average prices which you reach, do you?

A. The total of the meter account?

Q. Yes. 33933

A. Why, I do not mean to imply that, no, because I do not know what they cost, as I said before, prior to 1906. They might have cost more or less per unit.

Q. Your criticism only applies to meters acquired by the company after 1906, then?

A. I do not know that I have made any criticism.

Q. I mean the suggestion conveyed by the tables.

A. My table shows what they actually cost, such new meters as they bought.

33934 Charles Frank, Cross.

The Master: From 1906?

The Witness: 1906 to 1918.

Q. Did you find many condemned meters which were bought by the company after 1906?

A. Condemned meters bought by the company?

Q. Yes, after 1906.

A. I do not know what you mean.

Q. Well, is it not a fact that the records show that the number of condemned meters which were bought after 1906, is very small? You know what the condemned meters are, don't you?

33935 A. I do, yes.

Q. Have you found on an examination of those records that the company has condemned any considerable number of meters which were purchased after 1906?

A. They have condemned some, yes, which were purchased after 1906.

Q. But any considerable number? Would you say that they run on an average of 20 a year or more?

A. They run more than 20 a year—that is, since 1908.

Q. Yes.

A. I will make that amendment. In examining the

33936 meter retirement reports, that is the reports from your meter shops to, I presume the accounting department, I find that the calculations there between the two sections, from 1908 and prior to 1908, were not very carefully made; but on the basis of the actual book figures—that is, I mean the credit to fixed capital 1908, and subsequent to 1908—I find in the year 1918, that 200 meters in fixed capital after December, 1908, were retired.

The Master: That is only about 20 a year.

The Witness: 200 in one year.

The Master: Oh, 200 in one year, you say?

The Witness: In one year. That is the total in 1918.

Q. In 1918?

A. Yes, sir.

Q. That includes all the retirements from December 31st, 1908, to December 31st, 1918, does it not? Those figures are brought down, cumulatively.

The Master: It must be. So that the retirements extending over the period of ten years would be 209.

The Witness: Yes, but this figure is not correct. 33938

The Master: What is the matter with it?

The Witness: The company's computations on the sheets were not right as to dividing between the two. The man who made the calculations frequently made mistakes. But on the basis of your book figures 3,283 of those were bought before 1908, and 209 were bought after 1908.

Mr. Goetz: I do not want to go into details; the reports will show the precise information.

The Master: Go to something else.

Q. Is it correct to say that the company has charged off the meter retirements of meters bought after 1908, at the Rowland appraisal figures, and that according to your figures of average prices it has charged off too much from its capital account? 33939

A. No, I do not know whether the Rowland appraisal figures—

Q. Major Clark said the other day, in connection with your testimony, that the claim was that the company had written off too many meters—too many meters or too great an amount.

Mr. Clark: I do not remember that.

Mr. Goetz: Those are exactly the words, "too many meters," you said the company had written off its fixed capital account.

The Master: I am not interested in what Major Clark said; I am interested in what Mr. Frank said.

Mr. Goetz: I want to get the facts of this calculation.

Mr. Clark: It speaks for itself.

Mr. Goetz: No, it does not speak for itself. I want to know from what viewpoint this calculation was prepared by this witness.

The Master: Is that your point, as indicated by Mr. Goetz?

33941 The Witness: Will you please repeat that?

Q. Is it correct to say from your calculation the inference is drawn that the company has since 1908, charged off for meters retired at the Rowland appraisal figures an amount exceeding what it should have charged off at the average prices which you have computed?

A. I think so. I think it should have stuck in making its calculations to the meters retired which were purchased after 1908, at their actual cost.

Q. In other words, the fixed capital account ought to be greater today than the company has shown by this method of computing the retirements, which you

33942 criticize?

A. It would be probably so under that, because I think the average prices shown are lower here than the Rowland appraisal.

Q. Then the company would be entitled to a greater investment or would have a greater investment to claim a return on?

A. (None.)

Mr. Goetz: That is all.

The Master: Is that all of Mr. Frank?

Mr. Goetz: That is all.

The Master: Anything further?

Mr. Clark: Just one question.

RE-DIRECT EXAMINATION BY MR. CLARK:

Q. Mr. Frank, when you found the discrepancy between the meters retired in 1918, in the report of the Consolidated, did you try to find out how they arrived at that figure?

A. I called Mr. Davidson's attention at that time to the fact that I found such a discrepancy, but I never attempted to go any further than that. I thought that he might attempt to explain it, but he did not.

RE-CROSS EXAMINATION BY MR. GOETZ:

Q. I have just one more question, Mr. Frank. I want to ask you in regard to Table No. 14, I think it 33944
is—your Table No. 14, Defendants' Exhibit AA248—whether it is not a fact that the aggregates and totals there shown for the fixed capital account covering plant and construction agree precisely with the books of the company?

A. Agree exactly with the books of the company.

ARCHIBALD S. B. LITTLE resumes the stand:

CROSS-EXAMINATION CONTINUED BY MR. RANSOM:

Q. Mr. Little, you state on Sheet 8, I believe it is 33945
of Schedule 1 or 2, that gas oil yields six candles per gallon. That is your figure?

A. Substantially that is right, yes.

Q. Certainly not more?

A. I have known more, yes.

Q. And less?

A. And less.

Q. But you think six is the fair figure?

A. Yes.

Q. You testified to that effect in the People's case?

A. Yes.

Q. In the People's case were you asked these questions, and did you make these answers, at page 1312:

"Q. About what candle power would be normally produced through the use of three and one-third gallons of oil per thousand cubic feet?

"A. Well, it would vary, but the limits of it I would say would be between nine and twelve on water gas.

"Q. Could nine candle power be maintained consistently through the use of not more than three and one-third gallons of oil per thousand cubic feet?

33947 "A. Yes, I would think so."

A. That sounds like my testimony in that case.

Q. Do you remember those questions and those answers?

A. Roughly, yes. There were an awful lot of questions.

By the Master:

Q. Is that for water gas?

A. Yes.

Q. Three and a third gallons?

A. Yes.

Q. For nine candle power?

A. No, the candle power was only incidental. The

33948 standard in Illinois was 565 B. T. U's.

Q. But your testimony was for nine candle power, was it not?

Mr. Ransom: The question was, "About what candle power would be normally produced through the use of three and one-third gallons of oil per thousand cubic feet?

"A. Well, it would vary, but the limits of it I would say would be between nine and twelve on water gas."

Q. Between nine and twelve?

A. Yes.

Mr. Ransom: Then the last question was: "Could nine candle power be maintained consistently through the use of not more than three and one-third gallons of oil per thousand cubic feet?

"A. Yes, I would say so."

The Witness: That might be explained a little by saying that you can get almost anything you want out of three gallons of oil, but it all depends on how you run your machine. If you are going after candle power you will get certain results, and if you do not you won't have very much. It depends on how you run your machine, 33950
as to what the gas will carry, and so forth.

By Mr. Ransom:

Q. I note in your list of qualifications and experience that you state you were the first gas engineer to secure the elimination of the candle power requirements and the substitution of a modern heating value. Was that in Illinois?

A. Yes, sir.

Q. When was that done?

A. In 1914.

Q. On your recommendation?

A. Absolutely.

Q. What B. T. U. standard was substituted? 33951

A. 565.

Q. That has been in force?

A. Yes, with the saving clause in the beginning of General Order 20, which prevented any company from going down below the City requirement unless it came to the Commission and adjusted its price.

Q. What is the City requirement?

A. It varied all through the State of Illinois.

Q. Through municipal requirements?

A. Yes; in Chicago at that time it was twenty-two.

Q. The candle power standard requires the purchase and use of large quantities of gas oil, does it not?

A. Well, you might qualify that and say it was not absolutely necessary, because you could use benzol.

By the Master:

Q. But you will need some enriching oil?

A. Some enriching oil, yes. It need not be gas oil.

Q. Something else that costs about the same?

A. The amount per M, but a different enriching material.

33953 The Master: Well, it is not so important.

Mr. Ransom: It is part of the conditions under which we do business.

Q. What I have in mind is it might be of use to the public for me to make a statement in respect to it, if it is the fact, and that is why I am asking the question. Is it your judgment that this candle power standard is a wrong standard?

A. Certainly.

Q. You do not think it is the proper way to measure the value of the gas at all?

A. I think it is a crime, that is what I think.

By Mr. Ransom:

33954 Q. And it adds greatly to the cost of making gas without corresponding advantage to the consumers?

A. Correct. The consumers cannot get the advantage out of the gas at 22 candle power.

By the Master:

Q. And you recognize the British thermal unit system, do you?

A. Yes, sir.

Q. Is that the general opinion of the gas engineers throughout the country?

A. Yes, sir.

Q. No question about that?

A. Not a bit

Q. There is no difference of opinion at all?

A. No.

Q. Except among legislators?

A. I do not know about legislators. I do not know any of them.

By Mr. Ransom:

Q. Not much difference even among legislators, as far as you know?

A. I do not know about the legislators at all.

The Master: I am inclined to say something in my report on that point. I think it is pretty nearly time a stupid standard of that kind is eliminated, if everybody agrees to it. 33956

Mr. O'Brien: The question is where the public is coming in, if they are going to get a corresponding decrease in the price.

The Master: Of course, they will if it costs less.

Mr. O'Brien: If this company is going to work and get a couple of million dollars out of Uncle Sam when this case is over for the results of making toluol, we ought to know it. The people ought to get the benefit for the failure of the company to deliver the candle power in 1917 and 1918.

33957

The Master: You are talking about one thing and I am talking about another. If the standard is changed from the candle power standard to the British thermal unit, and it costs less under that standard or on that basis, then of course the public ought to get the benefit.

Mr. O'Brien: Of course, your Honor knows that this company could have come in and taken advantage of that other standard if they wanted to.

Mr. Ransom: How?

Q. Apropos of that, Mr. Little, you answered Judge Ransom before that under present conditions

33958 Archibald S. B. Little, Cross.

in these plants and with the cost of material and labor, having in mind the necessary investment, you could not make and deliver gas at 80 cents and get a fair return on it?

Mr. O'Brien: Just a minute, your Honor. He did not say any such thing.

The Master: He did.

Mr. O'Brien: He never said any such thing; he said he did not think Mr. Teele's figures were reasonable. You are misinterpreting the witness's statement.

33959 The Master: If I have misinterpreted his statement he will correct me.

Mr. O'Brien: He did not assent to the distribution expenses. He has given you his figure.

The Master: I know what he said.

Q. Do you remember the answer you gave Mr. Ransom about your judgment as to the possibility of making and delivering gas to the public under certain conditions?

A. Yes, sir.

Q. You said it could not be done under those conditions?

33960 A. Yes, including the quality of the gas and the assumptions I made—

Mr. O'Brien: Let him finish his statement or his answer. He says, "And on the assumption." Will you let him finish that statement?

Q. If the standard was changed from a 22 candle power standard to the British thermal unit standard you believe it could be done, do you?

A. I think that there is a very great possibility of it being done.

Q. Even then you would be doubtful, but you would have a better chance to do it?

A. I do not know anything about the fair value of the property, as I have stated, and that is a thing you must know.

Q. But there would be an advantage to the public in getting a British thermal unit standard rather than the candle power standard?

A. Yes. Can I explain a little on that?

Q. Yes.

A. It would be more to their advantage in New York City, because you cannot make effective use of 22 candle power gas or any other gas at the ridiculously low pressure that this company is forced to 33962
carry in its mains. Another piece of legislative interference, I might call it.

By Mr. Ransom:

Q. You mean this same statute that we have now under review?

A. Yes, sir, I have examined hundreds of burners in the City of New York since I have been here. I do not think there is one burner that I have seen that is using gas economically and efficiently.

By the Master:

Q. Because of statutory requirements?

A. Yes, sir.

Q. And you, as a public official of Illinois, say it is 33963
all wrong?

A. As a gas man I say it.

Q. As a gas man holding an official position?

A. Well, I am an employee of the State and do not hold an official position. We have had an argument about that in the Supreme Court.

The Master: I think it will be very useful to the public, whatever the result of this case is.

The Witness: Another thing, your Honor, oil is an unknown quantity. We do not know how much we have got. We have a well and

it comes in with salt water. Then somebody else goes out and opens other wells and gushers come in. It is all guesswork all along. But in the meantime you are taking more out of stock than you are producing and something is going to happen.

By Mr. Ransom:

Q. You mean in the shortage of oil?

A. Shortage of oil—unless Carranza gives up his tight hold on the situation down there.

By the Master:

33965 Q. Do you know how much they are going to be able to show if Carranza gives up?

A. I think enormous quantities.

Q. But there is no way of telling that?

A. No, nobody knows.

By Mr. Ransom:

Q. Is it your judgment that the maintenance of this candle power standard, while it may operate to the benefit of the oil companies, does not operate to the benefit of the public?

Mr. O'Brien: I do not think those figures are in this case.

The Master: I am going to allow it.

33966 Mr. O'Brien: Exception.

The Master: Yes, I think in this case when I make my report I ought to say something about this legislation, and I am going to say it.

Mr. O'Brien: You seem to have your mind made up about it.

The Master: I am taking your witness's statement. You have produced Mr. Little as an expert I have accepted him as such. I think he knows a good deal about this situation and I am glad to get his views. I can at least say in my report, whatever my own judgment may be, and I really have no judgment about it, that

Mr. Little, describing who he is, gives it as his opinion, which apparently is the opinion of other engineers, that it is pretty near time this fool legislation is stopped, if it really is fool legislation as Mr. Little says it is.

The Witness: I will qualify that. It may have been all right in its time.

The Master: But it is all wrong now?

The Witness: Yes.

Mr. O'Brien: Where you asked him about the fair return, I think you ought to give the witness a chance to explain what he was saying. 33968 He made it very clear that so far as rounding out a figure—

The Master: You have your re-direct examination to bring out anything that is necessary.

Mr. O'Brien: But you ought to let the witness finish his answer. He said assuming the figures of Mr. Teele, the reasonableness of which he did not assent to.

The Master: I changed my question so as to limit it to exactly what he said before, and he did not change it. Proceed.

Mr. Ransom: Will you answer the question?

The Master: There is no question. 33969

Mr. Ransom: There is.

Q. Is it your judgment that the maintenance of this candle power standard, while it may operate to the benefit of the oil companies, does not operate to the benefit of the public?

A. It does not operate to the benefit of the public—if that is an answer. I am not trying to evade any question.

The Master: That is an answer.

The Witness: And may I say this, Mr. Ransom—

33970 Archibald S. B. Little, Cross.

Q. Well, may I ask you just one question on that?

A. All right.

Q. Is it not a fact that so far as you know the only persons who could be interested in making the 22 candle power standard would be the oil companies?

A. They started it and they are keeping it up. There is no question about that at all, and they have a reason for it.

Q. Mr. O'Brien just mentioned toluol and the toluol plant.

A. Can I now make my statement?

33971 Q. Yes, sure.

Mr. O'Brien: Your Honor, may I at this time offer in evidence from the books that are offered this morning the reports of the Astoria Light, Heat & Power Company to the Public Service Commission, for the same purposes that the books of account were offered.

The Master: For the same years?

Mr. O'Brien: For the same years.

The Master: Yes, they will be considered in evidence.

Q. Mr. Little, Mr. O'Brien just referred to the toluol plant—

33972 Mr. O'Brien: He started to say something. Let him finish it.

A. Just at the recess we were dealing with the contracts placed for oil of which I have knowledge, said contracts being for delivery in Chicago. I do not wish to be understood that by reciting those prices I have recited all of the contracts on which oil had been purchased at considerably less than six cents in Chicago. There was an interruption, and it might look in the record as if I had given all the information.

Q. We will get to that later. Reference has been made to these toluol plants, in the plants of the Con-

solidated Gas Company, and its subsidiaries. You had a good deal to do with putting those in, didn't you?

A. I did.

Q. You were responsible for the idea, weren't you?

A. I think so.

Q. And for securing action on it?

A. Not only here, but throughout the United States.

Q. You took it up with the Secretary of War personally? 33974

A. I went higher than that.

Q. How high did you go?

A. I went to the President, and I went to an ex-President.

Q. You mean Mr. Roosevelt?

A. Yes, sir.

Q. And you got results on it?

A. I certainly did.

Q. And you regard these plants as a result of your taking the matter up?

A. Well, I don't want to put it that way.

Q. Not quite as broad as that, but you think you had a part in it? 33975

A. Yes, I was scared to death at the situation, no tolnol and lots of Germans.

Q. You have testified in a number of cases regarding what you call advertising and promotion expenses, which are included in your testimony or exhibit in this case. In both the Quincy gas case, for example, and the People's gas case, did you not testify strongly in favor of active efforts by companies to extend their gas business, particularly among industrial consumers?

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial. It is not cross-examination.

33976 Archibald S. B. Little, Cross.

The Master: Objection overruled.

Mr. O'Brien: The witness has not presented any figures here representing his judgment—

The Master: He says he is not accepting Mr. Teele's figures as to various items, including this promotion expense.

Mr. O'Brien: Exception.

Q. Will you answer the question?

A. I did testify along those lines, yes, sir.

Q. And you testified in favor of working with the gas appliance people and extending the use of
33977 gas appliances to that end?

A. Yes, sir.

Q. And you criticized those gas companies, in the People's Gas Company case, page 1386, for their failure to do extensive advertising of gas and the uses of gas?

A. I did.

Q. And criticized them for failing to use advertising and publicity and similar methods, and failure to work with the appliance people in informing consumers as to what gas will do, and the advantages of gas?

A. That is correct.

33978 Q. And you believe that a company should be very active in what you might term promotion and advertising of the use of gas?

A. Yes, I believe proper advertising should be carried on, advertising of all kinds, demonstrations and newspaper advertisements particularly.

Q. In making up your computations in which you figure the various expenses and the return on certain portions of investment used in producing gas for the consumers of this company, I notice that you have not made any allowance for working capital?

A. I have in the Astoria.

Q. You have. What allowance did you make?

A. Well, it is classified on sheet 5 as "Return on Materials and Supplies in Stock," which covers cash. In other words it may be in the form of cash ready to buy, or it may be in the form of material purchased with that cash.

The Master: What sheet is that?

The Witness: Sheet 5 of Section 5.

Q. The People's Gas Company in Chicago is a company with annual sales of about 20,000,000,000 cubic feet a year.

A. More than that. 33080

Q. Or a little more?

A. Yes.

Q. You thought they ought to go as high as 24,000,000,000?

A. Yes, I think they have.

Q. Now, in the People's gas case did you not estimate that a proper allowance for working capital in the form of materials and supplies and cash, working capital, should be 25 cents per 1,000 cubic feet of gas sold?

A. That was a very rough figure given, yes. In the People's case I did not make any detailed appraisal, but suggested that figure, it having been 33081 used by the Commission in some other cases.

Q. That figure of 25 cents per 1,000 cubic feet of gas sold for materials and supplies and cash working capital, was a figure which had been adopted by your Commission in various cases?

A. In some smaller cases.

Q. And in the People's gas case you testified to that as a figure which you gave there?

A. I believe that is correct.

Q. And on that basis the working capital which you testified to in the People's gas case became nearly $5,000,000?

33082 Archibald S. B. Little, Cross.

A. I expect that is right.

The Master: What is that, 25 cents per 1,000 cubic feet of gas sold?

Mr. Ransom: Yes.

The Master: In other words, for every 1,000 cubic feet of gas sold he thinks there should be a working capital of 25 cents?

The Witness: I believe that is high.

Mr. Ransom: Curiously, it works out to confirm the amount which this company has testified to in this case, four and a half million dollars for this company, based on book figures.

33083

The Witness: I might state that that amount on sheet 5 of Section 5 showing only the return, refers only to the Astoria property.

Q. I understand that. You did not undertake to include working capital or investment as to any of the other properties except the Astoria?

A. That is right.

By the Master:

Q. You said you thought 25 cents was a little high. What do you now think is nearer right 22 or 22 1/2?

A. Nearer 20 I would say.

Q. Somewhere between 20 and 25?

33084 A. Yes, sir, somewhere around there. It depends a good deal on market conditions. A gas man has to jump in when the market is low.

Q. It is a question of judgment very largely?

A. Yes, sir.

Q. So you would not say absolutely that twenty is right, and you would not want to say that twenty-five was, absolutely, under all conditions, too high?

A. No, not under all conditions.

Q. Under varying conditions, would not 22 1/2 probably hit it right nearer than any other figure?

A. I would hate to be definite at this time on that.

Q. You can't be definite, because it is a matter of judgment?

A. I will say between twenty and twenty-five.

Q. 22 1/2 is somewhere between?

A. You are making a straight average.

Q. That is the only thing we can do in most human affairs, to take average conditions?

A. I think your judgment is perhaps better than mine on that.

The Master: All right, so we are not very far apart between the complainant's evidence and the defendants' as to working capital. We will get 33986
that out of the way.

Mr. Ransom: I may say that I found out night before last that we left a whole million dollars out of working capital which this witness has not taken into account.

The Master: Well, Mr. Little has put it in for you.

Mr. Ransom: No, it is one of the elements that he had not taken into account either.

By Mr. Ransom:

Q. In this statement of your testimony, Mr. Little, you have made various calculations about unaccounted for gas. On page 2041 of the People's gas case rec- 33987
ord, on being asked to explain gas unaccounted for, did you not define it as follows—

Mr. O'Brien: Your Honor, I am going to object to it unless we get the testimony here. It is all right to assume that Ransom is reading from a correct excerpt.

The Master: Objection overruled.

Mr. O'Brien: It is not the proper way to address a question unless he has the testimony here. You ruled so in previous situations of the same kind that came up.

The Master: I know what I have ruled, and I am ruling the same way now.

Mr. O'Brien: Exception.

Q. "Unaccounted for is the difference between the total registered by the small meters of the company as compared with the total registration at the plant which gives the send out"?

A. No, that is wrong.

Q. What is your definition?

A. The definition of gas unaccounted for is the difference between the send-out and the total registra-

33989 tion of the consumers' meters.

Q. That is exactly it?

A. No, you got the holder in between.

Q. No, this definition is given in that record, "Unaccounted for is the difference between the total registered by the small meters"—that is the consumers' meters—

A. That is right.

Q. "As compared with the total registration of the plant which gives the send-out"?

A. Well, if you take the send-out.

The Master: You have said the same thing now. It is the difference between the consumers'

33990 meters and the company's send-out meters.

The Witness: If they have meters.

Q. And did you also continue by saying as to the method of measuring unaccounted for gas, "You don't measure it, you have to compute it"?

A. Sure, you have to compute it.

The Master: That is what you said in the other case?

The Witness: That is correct.

The Master: If at any time Judge Ransom reads something that you do not recall having

said, say so; if you do recall it in substance, or in fact, say so.

The Witness: Yes, or if I want to change it—

The Master: If you want to change it you can say, "That is what I said then, but my views have changed since," and then explain it.

Q. Did you also in reply to a question of Mr. Mullen that method of determining the amount of gas which escapes before it reaches the consumers is fairly accurate?

A. I did, undoubtedly.

Q. Do you remember that the percentage of unaccounted for of the Chicago People's Gas Company which you testified to in that case for 1918, was 7.64 per cent? 33992

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial.

The Master: Objection overruled.

Mr. O'Brien: Exception.

A. I don't remember now what it was.

Q. But it was over seven per cent?

A. It may have been at that time, and it was criticized. It had been down considerably below that. In that year they had enormous trouble with their meter readers, and everything was estimated. In some months for that year they had as high as sixteen per cent leakage reported, which was, of course, an absurdity. 33993

By the Master:

Q. What occasions this unaccounted for gas, Mr. Little?

A. It is mostly due to the small leaks at the services, and in that connection I would like to state—

The Master: And condensation?

The Witness: No, not if a gas is compressed to over a pound, you don't get condensation. I

would like to state that there is a difference between the cities, you can't compare one with the other, because in my experience the bulk of the leakage is caused by the connections of the services to the mains. In Chicago they have, I think, over 400,000 services, whereas, here, you have a very small number of services going into apartment buildings and things like that, where you have a great many meters connected to one service, so there are less taps to the mains, and therefore there should be much less leakage. Another
33995 important point to consider is the size of the main and the quantity of gas going through it per hour. In other words, if you had a main filled with gas and none being used and a small leak, you would have one hundred per cent leakage; but if you were putting through a huge quantity, with the same sized leak in the pipe, your unaccounted for gas, so-called, will be negligible. You cannot decide leakage by looking at books.

By Mr. Ransom:

Q. In the same People's Gas case, page 1404, do you recall stating that gas meters were the most reliable thing you can get for the measurement of any-
33996 thing?

A. That is so.

Q. On Sheet 4 of Section 6 of this exhibit you comment upon the weighing of generator fuel. In the Chicago case, pages 1753 and 1763, do you remember testifying that you knew of no gas company in this country where all generator fuel is weighed as it goes into the generator?

A. I don't remember stating any such thing. I was criticising the company there for not weighing its fuel.

Q. As it went into the generator?

A. As it went into the generator, or close to it, so you would know how much each generator took.

33997

Q. Didn't you testify in that case that it was enough if they observed closely the buggies, and saw that they were evenly filled, and then weighed occasional buggies?

A. Yes, if they weighed the buggies on the operating floor, and weighed the buggies every day, and took the tare. I found in the Chicago case that the superintendent was lying to me, and I proved it on him. They were not weighing the coal when they said they were, and I said every pound of coal ought to be weighed into the generator, or ought to be known by reasonably good weighing and close to the point where it is to be used.

33998

Q. Didn't you say that a reasonably good weigh was to observe the buggies and see that they were filled substantially evenly, and then weigh occasional buggies at random?

A. I qualified that by saying if you had six machines in a row you ought to know positively how much coke went up on to your floor, then as to the division of the coke in those six generators you could divide it on the basis of the number of buggies, but you ought to know every pound of coke that goes into a series of generators.

33999

Q. Do you know any plant in the country where all generator fuel is weighed as it goes into the generator?

A. Not into separate generators, no, if they have more than one on an operating floor.

Q. Did you also testify in the same case that it was not practical to meter the gas for each machine separately?

A. That is right.

Q. And that you knew of no place in this country where the output of each machine was separately metered?

A. Yes, sir, there was a big argument on that, it was stated it could not be done, and I agree.

Q. And you agreed also, and you said in the Chicago case, that it was scarcely worth while?

A. That is right. I did state however that you should know the output of a group of machines where said machines were using the same kind of oil and the same kind of coke or generator fuel and in about equal quantities, so you could divide the total make of all machines by the number of machines.

Q. On the subject of disposal of coke to which you
34001 have referred in this exhibit, did you testify in the People's Gas case, page 3801, that all gas companies are overstocked with coke and cannot get rid of it?

A. That was at that time, yes.

Q. And that they were complaining to the Commission about it?

A. Yes, sir. That is because the Gas Company at that time was paying $11.50 for coke. I said they could go out and buy it at prices less than that, and they denied it, and then I brought proof that people like in St. Louis had considerable quantities of retort-house coke for sale that could have been used by the People's Gas Company, and then these other gas com-
34002 panies would not have had to suffer.

Q. And the companies you found were overstocked with coke could not get rid of it, and they were complaining about it?

The Master: He has answered that and explained it.

Q. Also in this case, on the subject of the maintenance of both coal and water gas plants, did you not testify that you regarded it as a misguided policy for a company to confine itself to either method of manufacture exclusively?

Mr. O'Brien: Just a minute. I think he should be confronted with the testimony.

The Master: I will allow this question. Objection overruled.

Mr. O'Brien: Exception.

A. Will you read the question, please?

(Question read by stenographer.)

A. Yes, I believe at that time I qualified that to the extent of saying that in my observation companies had usually operated 75% coal gas and 25% water gas except where they had an out-of-date standard of quality. 34004

Q. You mean by that 22 candle power.

A. Yes, sir.

Q. And you testified likewise that where the 22 candlepower standard or something like that was in force that the 75 and 25 ratio would not go, and it had to be something like 50-50?

A. That is right.

Q. And you said that it was a misguided policy, tying itself up to one system of manufacture?

A. Certainly, and it has been proved.

Q. Now, in the Springfield case, when you were interrogated regarding an exhibit showing the holder capacity as to which you have made some observations 34005 I note, in your schedule in this present case, were you asked this question, and did you make this answer: "Q. Now, what conclusions do you draw from this exhibit? A. Well, I think it shows pretty clearly there that the Springfield Company hasn't any excessive holder capacity. I believe that is what the company ought to consider first, should be a continuance of service, that there should not be any liability of the gas service going off, and if it should happen that they are a little high, which the table does not show, I think the consideration ought to be given to

the fact that being high the consumers would be more sure of continuance of service." Do you recall testifying to that effect?

Mr. O'Brien: Your Honor, you can readily see the danger of taking an isolated question and asking the witness here without the testimony being present—

Mr. Ransom: I have the testimony.

The Master: Objection overruled.

Mr. O'Brien: Have you got the testimony here?

34007 Mr. Ransom: Yes, right here.

Mr. O'Brien: Well, I say you should present it to the witness, and let him examine it.

The Master: Objection overruled. Do you recall making that answer?

The Witness: I do. Might I say at this point, anticipating the question that may be coming next, that Springfield has considerable coal gas capacity, and furthermore that just when I gave my testimony, a month or two before that, they had just put in a very large holder. Now, your Honor will realize that a gas company cannot build from year to year to meet certain conditions, there are peaks and depressions.

34008 The Master: I understand that.

The Witness: Just after you build they may be oversupplied with holders, just after they build they may have too many holders. Before they build they may be undersupplied, and then after they build they have got too many, but you have got to look reasonably ahead.

The Master: And that is so as to manufacturing capacity, too, isn't it?

The Witness: Yes, sir.

34009

Q. Did you also testify, were you asked this question and made this answer in this same case, immediately following:

"Q. Then as I understand, it is improper operation to operate a coal gas plant of this size with one and one-quarter times your daily maximum output of holder capacity?

"A. It most certainly is, Mr. Stevens, if you were making all coal gas. Of course, if they are not making all coal gas, they might. You have got to take into consideration all those things when you are fixing the size."

34010

A. That is right. And I think I gave testimony right at that point that I had seen plants in certain sections of the United States where they filled the holder seven times in one day. One will have to take into consideration there are also other factors. For instance, in New York the load must be a good deal more even through the day than it is in Springfield, where people go home at night and use their own gas for cooking, while here people are going in and taking meals from 12 to 12, practically all of the 24 hours they seem to be eating here.

The Master: That is the impression you get?

The Witness: Yes, sir.

34011

Q. Mr. Little, in this exhibit which embodies your testimony, you undertook to set out certain matters with respect to depreciation. In the Springfield case, page 424, did you estimate the average life of meters at 75 years?

A. Yes, sir.

Q. In the same case did you estimate the life of services to be 50 years?

A. I did.

Q. In the Quincy case did you estimate a cast iron main, six inches and over in size, to have a normal life of at least a hundred years?

A. That is true. The depreciation on a main is due to obsolescence, and not to decay.

Q. In the Springfield case, page 778, did you testify as follows: "Obsolescence is a fine round sounding term, but I have gone into gas works ten years ago, and they will say, 'We can't work another month with this plant, it is all worn out,' and you go there now, and the same plant is working."

A. Yes, sir.

Q. Now, in the Quincy case, page 1478 and following, were you asked these questions: "Isn't it a fact
3401.3 that where tests have been made, it has been developed conclusively that cast iron pipe don't depreciate on a straight line basis, especially where a 4-inch gas pipe has been given only a 75-year life? A. I think I can best answer that by stating that it is extremely hard to say what the life of a cast iron main is. It practically has no limit at all, and about the only thing that would determine the life of a 4-inch main would be inadequacy."

Mr. O'Brien: Your Honor, can't you see the impropriety of this stuff?

The Master: I do. Objection overruled.

Mr. O'Brien: But he has not testified to any
3401.4 depreciation here.

The Master: Several of his items set up depreciation.

Mr. O'Brien: The Astoria plant hasn't got any mains.

The Master: Well, we will find out about other items of depreciation.

Mr. Ransom: I have something Mr. O'Brien will like better, in a minute.

The Master: I will allow the question.

Q. You remember that question and answer?

A. Yes.

Q. (Reading):

"Q. Then as a matter of fact, aren't the 4-inch mains in use at Quincy just as good as those that have been installed within the last three or four years, excluding from consideration the question of inadequacy?

"A. Yes, sir, except maybe the joints. That is cast iron mains we are referring to now.

"Q. In arriving at your comparison condition, have you taken into consideration any obsolescence or inadequacy that you have assumed might occur in the future? 34016

"A. Took it into account in a general way. As a matter of fact, there is very little obsolescence in a gas plant other than on mains, and that only on the small size mains, 4-inches or less."

Mr. O'Brien: I make the same objection, your Honor, and note an exception to your ruling.

The Master: Objection overruled.

Mr. O'Brien: The witness has not testified on depreciation.

The Master: But we will hear what his views are, and what he said in other cases about obsolescence.

Q. Do you remember that question? 34017

Mr. O'Brien: How is that cross-examination?

The Master: The witness is here, and we will get all the information that bears upon his testimony.

Mr. O'Brien: Exception.

Q. Do you remember that question and answer?

A. I do.

Mr. O'Brien: Does he give the whole question and the whole colloquy?

The Witness: I think that expresses my views then and now, Mr. O'Brien.

Q. Then were you further asked this question:

"Q. Well, in arriving at your comparison condition of these 4-inch mains, I assume that the inadequacy is practically the only thing that you—

"A. Yes, sir.

"Q. Considered?

A. That is correct."

Do you remember that?

A. That is correct, yes, sir. Of course, at that time I had seen the system in Quincy, the layout, and I knew that it was adequately designed. That is, by a
34019 belt line they could feed into these 4-inch mains and supply anybody in the block from the 4-inch mains.

Mr. O'Brien: Is Quincy a growing city?

The Witness: Yes, sir.

Q. Here is just a small matter. Do you remember being interrogated in the People's Gas case, page 6261, as to the propriety of storing oil in a gas holder that was not in use for the storage of gas?

A. Is that interrogating me or one of my assistants?

Q. Yes, you were asked?

A. I was asked on that question, yes.

Q. And you stated that there was nothing wrong
34020 with it in principle, and that it was a common practice among companies having holders out of use, so far as containing gas was concerned?

A. Yes. So long as they are not using gas in and out at the same time, it is a perfectly competent and a desirable way of storing gas oil.

Q. Mr. Little, do you remember in the Quincy case where you made up, as you did in some other cases, a valuation on the original cost basis? Did you testify that in your judgment ten per cent should be added to the book cost of land to make up such a valuation, for overhead?

Mr. O'Brien: Same objection, your Honor. He has not given any testimony as to these points; it is not proper cross-examination.

The Master: Objection overruled.

Mr. O'Brien: Exception.

Q. Do you remember that?

A. Ten per cent should be added to the original cost.

Q. The book costs of the land?

A. The original cost.

Q. Yes.

A. I may have said that, but as a rule you will find 34022
in other parts of the testimony that I simply refused to pass upon the cost or value of land at all, that was outside of my province.

Q. Yes. You said in that case, as I recall it—

Mr. O'Brien: Did you testify on the value there? Did you make an appraisal?

The Witness: No.

Q. You testified in that case, did you not, that you did not know land values, and hence you did not undertake to pass on land values?

A. That is correct.

Q. But that to the land values as was testified to by other witnesses—

34023

A. No, land costs.

Q. Land costs as testified to by other witnesses, the book costs, there should be added ten per cent for overhead in making up a valuation?

A. Yes, I think that is right.

By the Master:

Q. I don't quite understand that, Mr. Little. What is the point about that? Why do you add ten per cent?

A. Well, you have to lay it out, you have to grade it, you have to have engineering work on it, and you have

to have insurance, and if you use the present value, that is included, as shown by Judge Hughes' decision in the Minnesota rate case.

Q. In other words, if you take cost plus actual expenditures on it, you will probably, unless there has been some great rise in value of real estate, strike the same figures when you take it at present value?

A. Yes, that is true, unless there should be a great appreciation in the land value. I never testified on land values at all.

By Mr. Ransom:

34025 Q. Well, there should be an overhead to the book cost figures of ten per cent?

A. To the book costs, to the original cost, yes.

Q. Did you likewise testify, at page 799 of the record in the Quincy case, where you likewise made up this valuation—

Mr. O'Brien: He did not make up a valuation. He distinctly stated your Honor that he did not testify on valuation.

The Master: Well, let us see.

Q. You did testify as to buildings and structures? You did make up a valuation on what you called an original cost basis as to buildings and structures there?

34026 A. Yes, that is right, but not on the land.

Q. Not on the land?

A. No.

Q. You took in somebody else's figures on land?

A. Yes, I did to round out the appraisal.

By the Master:

Q. How do you figure structures and machinery—in the same way that you figure working capital, so much a thousand cubic feet?

A. No, sir, I do not. So many bricks that cost so much, and so much for the labor of laying, and so much for sand, lime, and water.

Q. Well, all of those things for the last year or two have cost a great deal more than they did a few years ago?

A. Yes, sir.

Q. To reproduce any gas plant in the country would cost probably a hundred per cent more than when they were put up?

A. Not quite.

Q. Well, what would you say?

A. Eighty to ninety per cent.

Q. It is so close to a hundred there isn't room to squeeze hardly? 34028

A. Yes, sir.

Q. But the point I want to make is this, that the present value of the gas plants would be an unfair basis upon which to allow a return to the gas company, so far as the public is concerned?

A. It certainly would.

Q. It is?

A. It is capitalizing a calamity.

Q. It is such a large unearned increment as to make it out of the question to consider present value of land and structures for the purpose of a rate base, isn't that so?

A. That is correct. You cannot use present day 34029
costs.

Mr. Ransom: Of course, your Honor, I do not concur with that.

The Master: I know you don't, but I am trying to make a record which will justify the finding I have made, that under the present conditions the idea of taking present value as indicated by the United States Supreme Court to be the general rule is utterly out of the question—utterly out of the question.

34030 Archibald S. B. Little, Cross.

Mr. Ransom: We will fight that out some other day.

By Mr. Ransom:

Q. But in your appraisal of buildings and structures which you made up on what you called an original cost basis, and which you testified—did you testify that to the book cost there should be added seventeen per cent for overhead?

A. What section was that?

Q. This was in Quincy?

A. What part of the buildings?

34031 A. Buildings and structures.

Mr. O'Brien: Why not show him the testimony, Mr. Ransom?

The Master: You have got to stop that, Mr. O'Brien. The witness is capable of taking care of himself.

Mr. O'Brien: I think it would be a good thing he has got the testimony here.

The Master: I don't care how clever Judge Ransom may be, this witness is able to take care of himself, and is not going to make a statement on the record that he is not willing to stand by. You need not worry about this witness.

34032 Mr. Ransom: Mr. O'Brien has quite demonstrated in this case before, that I am not clever at all.

The Witness: 17 per cent was used on buildings.

The Master: As an overhead?

The Witness: On an original cost basis.

Q. 17 per cent of the book cost?

A. Yes. It must be remembered in the Quincy case that I put in appraisals based on original cost, reproduction cost as of the prevailing prices, at that time, and normal average prices.

By the Master:

Q. Let me ask you this, Mr. Little. You told me that the ten per cent of the cost of land was for grading, and other matters of that kind?

A. Yes.

Q. What is the 17 per cent on the cost of buildings and other structures intended to cover?

A. That covers everything that is usually known as overhead expense during construction, such as contingencies and insurance.

Q. Interest on capital during construction, and things of that sort? 34034

A. Correct.

Q. So that you say interest must be allowed upon capital used during construction?

A. Yes, I usually figure that out on a proportion basis. Some of it goes into use before the end of the year, we can't take it for the year, we have to take it for the time that would be normally required.

Q. But some interest must be included?

A. Yes, sir.

By Mr. Ransom:

Q. Now, you made an allowance for contingencies on buildings and structures of 2 1/2 per cent, didn't you?

34035

A. I believe that is right. I set up a complete detail.

Q. Over and above the 17 per cent?

A. I do not think so.

Q. Now, on general equipment your overhead was 6 per cent?

A. 6 or 5, I am not sure now.

By the Master:

Q. What does that mean, what is that supposed to cover?

A. General equipment is horses and wagons and auto trucks.

Q. Why do you add 6 per cent for that?

A. There is no engineering on buying a truck, so you cut that out.

Q. Well, what is included in the 6 per cent?

A. Well—

Q. (Interrupting.) Why should anything be added?

A. Some interest has to be added, but not very much, because you do not buy those things away ahead of the time they are going to be needed. Some contingencies would be in there, a small amount of engineering and of general supervision might be re-
34037 quired for selecting.

Q. For whom were you testifying in the Springfield case, on behalf of the Commission?

A. It might be said that I was testifying on behalf of everybody. I was employed by the State.

Q. I mean, you were a State witness?

A. Yes.

Q. How about the Quincy case, were you a State witness?

A. Yes, sir; I was.

By Mr. Ransom:

Q. In all of these cases concerning which I have interrogated you within the State of Illinois?

34038 A. Yes, sir.

Q. You were testifying as the Chief Gas Engineer of the Public Utilities Commission?

A. Correct.

Q. And were put on the stand by the Commissioner presiding, or were you put on the stand as the expert of the Commission?

A. Yes. The Commission is not bound by my views at all; they just take them for what they are worth.

By the Master:

Q. They are not bound any more than I am? A. No.

Q. Let me ask you this, though. If you keep your books showing the actual cost of the property, and you add to that actual cost what it really cost you to grade, and superintendence and engineering, and the actual charge for interest on construction of buildings, and you only take in actual expenditures of that character, then it is not necessary to add 17 per cent or 10 per cent on this work?

A. No, they have got all they are entitled to if the books are properly kept.

Q. Yes. Assuming the books are properly kept, in the form that I have described, and the expenditures 34040
have been reasonable and proper and there has been no side graft or anything of that sort, they would fully represent the value of the property year in and year out, wouldn't they?

A. Yes, sir.

Q. Irrespective of fluctuating values?

A. Yes.

Q. Wouldn't that, in the light of what we have been discussing a little while ago, show the full value, taking into consideration that land and other values depreciate in some years and appreciate in others?

A. Precisely, I think so, your Honor.

Mr. Ransom: Didn't you testify in the Spring- 34041
field case—

The Master (interrupting): Let me interrupt you.

Q. As the Chief Engineer of the Public Utilities of Illinois, you don't believe that a utility corporation like this company ought to be penalized because of general conditions; experts might testify that the value of land or buildings and structures were lower than they paid for them—any more than you think they ought to get the benefit of appreciation because an expert might testify it was higher at one time, do you?

34042 Archibald S. B. Little, Cross.

A. I think I agree with your Honor on that.

Q. The average through the years will run pretty much what the actual cost will be?

A. Yes. I have always endeavored to take into consideration what the Court says in the Smith vs. Ames case, which does not say that you must use the present cost but must consider along with other things, the present as compared with the original cost, where you figure present or reproduction cost, depreciated you must compare it with the original cost, and you must use judgment.

34043 The Master: That is what I am trying to do in this case, and I am not satisfying anybody.

By Mr. Ransom:

Q. Now, in the Quincy case, weren't you—

Mr. O'Brien (interrupting): Your Honor, we are getting afield here, this is not cross-examination.

The Master: We are getting right down to cases now.

Mr. O'Brien: This is not cross-examination.

The Master: No, but we are getting right down to what you and I and everybody else in this case ought to be here for, to get the real facts. Mr. Little at the very outset starts off with a

34044 statement, honestly made, assuming these distribution expenses to be right, that you cannot make and deliver gas at 80 cents now.

Mr. O'Brien: He did not say that.

Mr. Ransom: Yes, he did.

Mr. O'Brien: No, he did not.

The Master: Well, the record will show what he said.

Mr. O'Brien: Hear me a minute. You are making a misstatement, and permit me to make one statement on the record.

Mr. Ransom: I object to the interruption by counsel.

Mr. O'Brien: He said he put in there a certain price as the cost of producing gas, and he

has taken for the Master's benefit, to round out that figure and put in the tables the figures of a complainant's witnesss without accepting them, to show the total of some sixty-nine or seventy cents.

The Master: Taking those figures as he does, you cannot make and sell gas for 80 cents.

Mr. O'Brien: That is a matter for argument, and the figures are not proven.

Mr. Ransom: The table shows on its face he used his judgment in revising the figures. We will let the record stand. 34046

The Master: But what I want to point out is that Mr. Little as a public official of Illinois has been very frank in many of the statements he has made here, and he has given us a clear picture of conditions as he sees them. I may not agree with him at all in certain respects in his testimony. I may not accept his judgment at all that he can get certain results out of a certain amount of labor, having in mind the difficulty of handling labor and driving labor, which cannot be done any more, and other items that I can see in his table, but the big factor is this, fundamentally this statute making a 22 candle power base is all 34047 wrong, and the public is paying for it, and it is time the public knew it, and I am going to do what I can to indicate it to the public. In spite of this close affinity between the Consolidated Gas Company and the Standard Oil Company of New Jersey, it apparently is the fact that this 22 candle power was put in in the interest of oil companies, and it is time it got out.

By Mr. Ransom:

Q. Mr. Little, in this Quincy case you made up, as you stated, three valuations: One on original cost of book investment; one on what you called average or normal price; and another on reproduction?

A. Yes, sir.

Q. Now, were you not asked which of those three methods you considered should be followed, and did you not say that the cost of reproduction method should be taken?

A. No, I did not.

Q. Well, then, let us see—

Mr. O'Brien: Your Honor, I assert again, this is not cross-examination, the witness is not here—

The Master: I assert again that I am going to take all that Mr. Little can tell us about these things.

34049

Mr. O'Brien: Well, you held the defendants very close to the rule as to cross-examination.

Mr. Ransom: That is the most humorous remark made in this case.

The Master: If this is not strictly cross, I shall hold, when I analyze it, I shall hold the complainants to be bound by the statements made by Mr. Little. That is the only result of it.

Q. Well, do you remember being asked this question—

The Master: What page?

Mr. Ransom: Page 1561, by Mr. Warren—

The Master: Which case, the Quincy case?

34050

Mr. Ransom: The Quincy case.

Q. "In your opinion should the valuation of a utility for rate making purposes be based upon cost of reproduction, or the cost of reproduction less depreciation?

"A. Cost of reproduction less depreciation."

A. That is a different story.

Q. I think it is a little different story?

A. Yes; that is if you are going to consider it at all, you must consider it a depreciated property and not—

The Master: And the minute you do that, Mr. Little, you are getting into the realm of opinion and speculation, aren't you?

The Witness: Exactly.

The Master: As distinguished from an absolutely fixed definite basis of the actual money that went into the plants?

The Witness: I think you are absolutely right.

The Master: Isn't it your judgment that the farther away we keep from theories and the closer we stick to actual definite conditions about which there can be no dispute, the more accurate and 34052
definite will be the result?

The Witness: Yes, if you take into account reasonable management and reasonable operation.

The Master: Sure; I am not talking about that, I am talking about the value of the plants. I am not talking about that.

Q. But, Mr. Little, in making up your rate base, as you call it, the sum on which the company is entitled to a fair return—in making that up on this original cost basis or investment basis you felt that there should be added to the outlays shown by the books this 17 per cent overhead?

A. No.

34053

Mr. O'Brien: He did not say that.

The Witness: Let me explain that, if I may, Judge. When we went into the Quincy books we did not have information available. Our original cost estimate in the Quincy case was an estimate. It was what we might call or as later has been called the Historical Reproduction Cost, using conditions as they were, as near as we could determine them from the records available. If we had had the books on the cost for engineering, superintendence, architecture and construction, we

would have used that. In the absence of those figures, and having made estimates of the bare bone cost of the property, we had to add something to cover what we knew must have been spent, and that was it.

Q. You found in these earlier years the books did not reflect those things?

A. There were no books.

Mr. O'Brien: He said he could not find the books.

Q. Oh, you could not find the books?

34055 A. No.

The Master: I think we have a pretty clear picture of the situation.

Q. Suppose the books showed affirmatively that many of those matters had not been covered, then you would think they should have been included?

A. Covered somewhere. They may have been in the operating expenses. It does not matter where they were, they ought to be put in the capital charge.

The Master: I am convinced at this time that, under the conditions disclosed in this case, there is only one safe and definite basis indicating the value of this property for gas making purposes, and that is the value that has been actually put into it and is now in this property. I think everybody who has not any particular interest in the litigation feels so. Whether the United States Supreme Court agrees with me or not, that is the basis on which I am going to give the value of this property for these purposes.

34056

The Witness: Of course, in agreeing with your Honor as I have, I hope it will not be read in directly or indirectly that I have attempted to say anything about franchises.

The Master: No, I have not discussed franchises and the question of the value of franchises is a very important and difficult question. But I am afraid in this case I am bound by the decision in the Supreme Court of the United States on the question of franchises.

Mr. O'Brien: As to that, more later.

The Master: How are you going to argue it in view of the United States Supreme Court decision?

Mr. Clark: Is your Honor going to receive opinion testimony that does not agree with yours 34058
on this question?

The Master: Certainly, of course. That is why I have drawn out these answers from Mr. Little; because, apparently, he does agree with me, and I have a very firm basis for my opinion about it. If you have any other witnesses that disagree with Mr. Little, I will hear them, of course, and get their reasons. But for the life of me I cannot see any other definite basis. I can see that with the fluctuating value of property and the theoretical valuations of property one set of witnesses may testify to one thing and another set of witnesses testify to another, and that any result based upon 34059
opinion evidence of present value is bound to be wrong somewhere and would be bound to be indefinite and uncertain.

Q. Mr. Little, your figures with respect to the enrichment of coal gas at Astoria are based on raising 16 candlepower gas 7 1/2 candles?

A. Yes, that is my basis.

Q. That is, 16 candle power gas to 23 1/2 candlepower at the works?

A. Yes.

34060 Archibald S. B. Little, Cross.

The Master: You figure that to represent 22 a mile from the works?

Mr. Ransom: Within a mile.

The Witness: A little more than that, I think.

Q. You said yesterday that would be 22 candle power within a mile from the works?

A. It will give at least 22, yes.

By the Master:

Q. Do I understand, Mr. Little, that if you were running the gas works in New York, where you were required to produce 22 candle power a mile from the
34061 works or testing station, that you would not be safe in figuring on less than 23 1/2 candle power at the works?

A. I would naturally make tests for the first month or six months I was there, and I would know just exactly what the drop was.

Q. But your present opinion is—

Q. That it would be 23 1/2.

Q. To produce 22 a mile from the works?

A. Yes, sir.

By Mr. Ransom:

Q. And that might vary according to the time of the year and the temperature?

34062 A. Not might: it would necessarily.

Q. Because the ability to maintain candle power given distances from the works is affected by the temperatures to which the mains are subjected?

A. And by a lot of other things also.

Q. And by a lot of other things?

A. For instance, you cannot add so much water gas of a certain candle power to so much coal gas of a certain candle power and compute the candle power of the mixed gases, because you might get considerably higher than the computation shows you ought to get, and that varies with the amount of water gas you use.

Q. You have to try it out and test it in a practical way, naturally?

A. Yes, but you will get more candle power in the mixed gases than would appear from a computation, because there is a difference in the flame temperatures of coal gas and water gas.

Q. Where you found 23 1/2 candle power or better at the works—

Mr. O'Brien: Why don't you talk about the holder station, not the works?

Q. (Continued.) 23 1/2 candle power or better at the works, you would feel reasonably safe in your judgment that there was 22 candle power on the district a mile or more? 34064

Mr. O'Brien: Objected to, your Honor, as incompetent, irrelevant and immaterial.

The Master: Overruled.

Mr. O'Brien: The vital thing is the mile from the holder station.

The Master: Overruled.

Mr. O'Brien: Not a mile from the works. Exception.

A. There is a point to be considered there, as to how much you lose by compression. Whether all gas is compressed or not before it goes on the district I do not know. Some of it is not, as I understand, but I have had great difficulty in finding out just what does go out. If you do compress gas to a pound and a half, I think you won't get 22 on the district if you make 23 1/2 at the works. 34065

Q. That is, if you compress it that much you would have to make more than 23 1/2 at the works?

A. Very likely, yes, because when you get up to a pound pressure something is going to happen to your gas with the condensable vapors.

Q. How do you get the calculation or the assumption that the gas to be raised to 23 1/2 candle power or more, the coal gas, is 16 candle power before it is

raised? For example, if you had to raise 12 to 14 1/2 candle power gas up to 23 1/2 you would have to use a quarter or two-thirds of a gallon more oil, would you not?

A. You would have to use more oil, certainly.

Q. How do you get this assumption that the coal gas before enrichment is as much as 16 candle power?

A. That is what you ought to get. That is what you can get.

Q. On what conclusion do you reach that figure—on what facts? There has been testimony in this
34067 case, which you have read, that not that much was secured in the coal gas?

A. That is true.

Q. On what do you base your assumption that you ought to get 16?

A. Why, you are carrying too much pressure on your retorts, you have no governors on your hydraulic mains, your exhausters are too far from your retorts; you are losing gas and you are destroying the candle power. Other plants are doing it and you can do it.

Q. Where is it being done?

A. St. Louis has done it, Worcester has done it,
34068 other plants using equal quality coal. I have done it myself.

By the Master:

Q. In order to do that there would be required an additional amount of capital, would there not, to put all this stuff in?

A. No, sir, you can build a retort house governor for a few thousand dollars.

Q. In other words, you say that these items you are referring to are very small?

A. Very small indeed.

Q. And that the engineers of this company could save money by spending a few thousand dollars?

A. There is not any question about it, your Honor.

By Mr. Ransom:

Q. Your figures are based on the assumption that you get five and a half feet of gas per pound of coal carbonized?

A. On the inclines, yes.

Q. Is that based on the Worcester experience?

A. Somewhat on Worcester and somewhat on St. Louis, where I built the plant where it is being done, and I have strong recollections that you have done 34070
almost as good without the use of the governors in past years—seven or eight years past. I discussed that matter very, very fully with Mr. Young when these questions came up.

Q. At about the time the famous paper was written about the pound of coal?

A. The famous pound of coal.

Q. You stand on the conclusions of that paper?

A. No, I did not.

Q. As sustained by experience?

A. I think Mr. Lamson got those results, or Mr. Barnum did. But I know other places where they have gotten as good or better. 34071

Q. Where have you ever known that result was secured?

A. Well, I refer you to St. Louis, Mr. George Evans.

Q. Which station?

A. Station A.

Q. When?

A. Five or six years ago.

By the Master:

Q. What are they doing now?

A. They are doing at least as good, but I am not interested—

34072 Archibald S. B. Little, Cross.

Q. How do you know?

A. I have been there recently.

By Mr. Ransom:

Q. Is it not a fact that the gas engineers of the country have generally found that you could not get as high results as that from a pound of coal?

A. You ask a gas man what he is getting and he says five feet and he don't know whether he is or not, half of them. That is talk around conventions that no man who respects himself pays any attention to.

Q. Suppose you ask a gas man how much he is
34073 getting and he says five and a half feet, does he know any better?

A. No, but when he shows me on the books I believe him. How much is he selling, not how much he is making. How much is he selling plus his leakage. How much is he getting in dollars, that is what I want to know—not how much a man says he ought to make or how much he could make.

Q. Then you put the emphasis on the actual experience of the plant?

A. Properly run, yes, certainly.

Q. And you criticize in that respect the operation of all of the plants of the complainant at Astoria?

34074 A. I venture to do so, yes.

Q. Of course that would be a matter of your engineering judgment as against that of Mr. Woods and the other officers of the complainant company?

Mr. O'Brien: Objected to.

A. Certainly. I am not putting myself up as the only man in the world or anything like that; I am telling you what I know, that is all.

Q. That is, they may be right or you may be right?

A. Yes.

Mr. O'Brien: I object to it.

The Master: He says that under the present conditions.

Mr. O'Brien: He says it under the conditions they are operating under.

The Master: Well, he thinks he is right. He says he can do better than these men over in the plant are doing.

The Witness: No, I do not say I can do it with the plant they have got and the way they are operating; but I will undertake to get better results by making some improvements.

Q. That is, your point of view is you believe if given an opportunity you could make improvements over there which would improve the results which they 34076
are getting?

A. I could, and others could too. Mr. Woods could.

By the Master:

Q. Could you improve the results that you get out of the labor hire.

A. Yes, certainly.

Q. You could get more work out of the man than the men now in charge are getting?

A. Well I do not say that. You can get more out of a machine.

Q. I am talking about labor; the amount of work you can get out of the human individual in labor. 34077
You do not intend to say you can drive them any harder than Mr. Woods?

A. No, but I can save the men some labor and do it cheaper.

Q. By these labor saving devices?

A. Yes. The money is lost right there in the retort house and right below the dip.

By Mr. Ransom:

Q. Your experience has been mostly in the matter of selling these devices?

A. Oh, no.

Q. In this country?

A. In this country, yes, sir, and in other countries. I have installed plants on a guaranty of a year. I will make you gas at so much a thousand feet and it will cost you so much for repairs, and if I do not do it I do not get paid.

By the Master:

Q. Tell me, Mr. Little, do you sell these labor saving devices that you recommend this company put in at Astoria?

A. I used to; I do not now.

34079 Q. But for many years you did sell those things?

A. Yes, I did.

By Mr. Ransom:

Q. You do not doubt that Mr. Woods and his assistants get reasonable operating results from the plants as they stand?

The Master: He certainly does. He has already said that. He says the trouble is that they have not put in the labor saving devices, which would not cost much and which would substantially improve the operating results. Is that true?

The Witness: Yes, but it goes a little further than that. I do not want to be thought for a minute as criticising Mr. Woods there, but I do

34080 not think Mr. Woods is given a free hand as to the plants he can run. There is somebody higher up telling him what to do. I cannot conceive of Mr. Woods having, as they claim, the best plant in the United States, and running it at 50 per cent capacity. Now, you better explain that.

By Mr. Ransom:

Q. You have not any doubt that that is the best plant in the United States?

A. It was when it was put in.

Q. Well, it still is, is it not?

A. No, it is out of date, some of it.

Q. The Astoria plant?

A. Yes.

Q. Take it all in all, is it not the most modern plant in the United States?

A. No.

Q. What is?

A. It is the most modern of its size, I might say that. Certain parts of that are still excellent, the incline retort house is in splendid condition, except the hydraulic main controls. The horizontal retort house is out of date. Anybody that is using old style West machines on both sides of the house, with 34082
conveyors on both sides of the house, furnaces on both sides of the house, the furnace doors in half, cold air sucking into the furnaces, pushing the machines, trying to push the whole bench down, taking twelve shots at the coke which weighs possibly 800 pounds, and you have a Goliath pushing machine back of it, is crazy, that is all.

Q. Where is there any plant in this country of anything like its size that is more modern?

A. At Boston, where they operate coke ovens, it is better. Rochester, New York, is a smaller plant, but they—

Q. I ask you this— 34083

Mr. O'Brien: Let him finish.

Mr. Ransom: All right.

The Witness: Rochester, New York, has a smaller plant, but they will show you something on operating results.

Q. What do they charge for gas?

A. I do not know what they charge. It is what they make it for is what I am interested in.

Q. In the People's Gas case you were interrogated about Astoria, were you not?

A. Yes.

Q. For example, did you testify—

The Master: When did Mr. Little testify in the People's Gas case?

The Witness: From February to July continuously.

The Master: Of what year?

The Witness: This year, 1919. That was one occasion.

The Master: Is this the occasion that you are now referring to?

Mr. Ransom: The occasion that I am now referring to is the hearing of—I believe the hearing of April 29th.

34085

The Master: 1919?

Mr. Ransom: 1919.

The Master: Proceed.

Mr. O'Brien: Get the page of the record.

Mr. Ransom: Yes.

Q. You testified there that you were not very familiar with the Williamson machines such as are used in Chicago and New York, did you not?

A. That is, not so familiar with them, but with the U. G. I., the U. G. I. and that make, yes. There are so few of them in use.

34086 Q. On page 1739 you were asked about the Astoria Company, where you described the various visits which you had made at that plant, and you said that the Astoria plant was the only one in which you were interested, "as it is entirely modern." Do you remember making that statement?

A. Water gas plant; yes.

Q. That is, you meant to limit it only to the water gas plant?

A. Well, I do not want to cast any aspersions by this reservation I am now making, but I will say that the water gas plant there is modern.

Q. Entirely modern?

A. Except that I do not myself believe in the Williamson machine. You have designed the Williamson machines better than they have designed them in Chicago, because you have what I was advocating there, labor saving machinery for filling the machines. Some of them said it could not be done and you are doing it. But, on the other hand, you have plant there capable of doing work and you are not using it.

Q. We will get to that in a minute. Up to what time would you say the Astoria plant was modern?

A. Well, at least six years ago, and I am confining it now to the horizontal house. 34088

Q. The A house is very good?

A. The A house is good, there is no doubt about that.

The Master: Does that comply with your ideas?

The Witness: Yes, sir.

Q. The best there is?

A. No.

The Master: As good as there is?

The Witness: No, it is not. The charging arrangements are faulty.

Q. That is, you think they should have some more of this labor saving machinery? 34089

A. Yes, I certainly do.

Q. But aside from that it is pretty good?

A. Pretty good, yes, it is. It is running well and doing better than I can do on that bench fuel, or better than anybody else in the United States or even in the whole world can do on bench fuel.

Q. Than you have done?

A. Than they report they do.

Q. What?

A. Than the company's books report they do.

Mr. Ransom: I did not catch that statement.

The Master: Than the company's books say they do.

Q. According to the company's books of quantities and results, they are doing better—

A. On bench fuel.

Q. They are doing better than anybody in the country?

A. They say they are.

Q. Well, according to those books?

A. Yes, according to the books. I have not used
34091 the books in setting up my statement. I have given you a reasonable amount of coke to heat those retorts. You can't do it with 207 pounds of bench fuel. I say that because I want to show that I have not been one-sided at all in this matter.

Q. Just what part of the coal gas plant do you say is not now entirely modern?

A. The charging machines, and the design of the settings.

Q. Of which house?

A. Of B house.

Q. Only the B house?

A. Only the B house. You seem to realize that—

34092 Q. What is the capacity of the B house?

A. It is claimed to be ten million. It is nearer twelve million, should be, under normal conditions, 12,000,000 a day.

The Master: It is figured on a 10,000,000 basis?

The Witness: Yes, but that is low, your Honor.

Q. That is 20 per cent of the whole plant capacity?

A. Yes. My answer was interrupted there slightly. It seems to me that the company realizes that those machines are out of date, because they have bought

something that I would myself advocate, not something that I make either, or ever made.

The Master: In other words apparently they are thinking about these things.

The Witness: They have a machine there they don't use, and it has been there some years, as I understand, a DeBrouwer charging machine which can charge the retorts from one side, having also a pusher which can ram the coke out from one side.

Q. You don't believe in this through charging?

A. Certainly I do believe in it. I don't believe in 34094
having through retorts and charging them from both sides with an antiquated scoop, which John West admits is antiquated, because he has adopted something else. It would not take a lot of money to put that in good operating condition. It is not throwing out your whole plant, it is not throwing out all the B plant, but it does mean a redesign of the furnaces, and that is not an extraordinary expense, because every three or four years those furnaces must be turned out.

Q. And these improvements which you have indicated are of the kind that you refer to as labor saving devices?

A. Labor and fuel saving, yes. 34095

Q. Principally labor?

A. Yes, principally labor. They save labor, and they save work, that is, they save hard work.

Q. Are you perfectly sure that under the conditions under which this company and its engineers have been operating during the past few years, so far as the labor situation, so far as the variance between their summer and their winter demand, so far as the cost of devices made up of iron and steel, and work of that kind are concerned, that the company has not

34096 Archibald S. B. Little, Cross.

done what you would have done in their place? You remember you say these plants were entirely modern up to five or six years ago.

A. That is right.

Mr. O'Brien: That is a long question.

Q. Are you sure that under all these conditions they have not done the more economical thing in doing what they have done?

A. I think they have not; I must be frank on that.

Q. You think they have or have not?

A. They have not.

34097 Q. You would have done it sooner?

A. I would. Labor is going up every day, has gone up, not unreasonably, but it has gone up. You ought to pay gas workers a good wage.

Q. You don't think this company pays enough for wages, that is the rates of pay?

A. They are getting up to about the point now that is reasonable, but in the past it has not been reasonable.

Q. That is as far back as the years you have examined their wages have been on an inadequate rate?

A. Yes—that applies to all gas plants.

Q. That is, generally, the gas industry has under-

34098 paid its men?

A. The gas industry is in a rut. They don't pay their men, they don't pay wages, they don't pay salaries, they can't keep good men.

By the Master:

Q. Tell me this, Mr. Little, how would you figure the value of work done by a laborer charging these machines—what basis would you try to work out?

A. I would pay the man at least five dollars a day.

Q. Why five dollars a day?

A. Because he can buy food for five dollars a day, and pay reasonable rent, and keep his face clean, and be a respectable citizen

Q. Is that the basis upon which you have got to figure the value of labor in your judgment?

A. I don't know that I understand the question thoroughly.

Q. What I am trying to get at is this: You say that this company is not paying these men a fair wage, has not paid them a fair wage in days gone by, although they are getting nearer to it now. You say a laborer, which means a man with no skill, no education, mere brute strength, ought to get five dollars a day?

A. No, I don't say that, from four dollars to five 34100
dollars. A man that gets a little training would get five dollars.

Q. Well, say four dollars a day, take an absolutely unskilled laborer paid for the muscular effort he puts into his work, is that right?

A. Yes, sir.

Mr. Ransom: It is more than muscular, I think. If your Honor would watch them working I think he would conclude that it is something more than muscular.

Q. I am trying to get from Mr. Little, not perhaps so much for this case as for other things I have been thinking about for a long while, how you are going 34101
to figure a fair wage. How can it be done, what basis are you going to use?

A. How can you get and keep good men; that is the point.

Q. Then you are talking about supply and demand?

A. Yes.

Q. We had better eliminate supply and demand in this labor problem. We have got to find some other basis for paying people for the work they do?

A. I agree with you.

34102 Archibald S. B. Little, Cross.

Q. On what basis are we going to pay these gas workers?

A. They should be paid on a profit sharing basis, like Sir George Livesy did years ago at the South Metropolitan Gas Company in London.

Q. Let us take that view, which appeals to me more than any other, what percentage of the production cost of a thousand cubic feet does the laborer who jams the coal into one of these retorts contribute to the total cost of production? How are you going to figure that?

34103 A. I believe his way was, as I remember, that the men made recommendations to show how the work could be improved, how results could be improved, and that is why Sir George Livesy got down to making gas so cheaply.

By Mr. O'Brien:

Q. How cheaply?

A. Oh, they sell gas over there. I think the London price is 36 cents a thousand cubic feet. There are a lot of ways of working it out.

By the Master:

Q. Up to a very recent date the average laborer on the other side got four or five or six shillings a

34104 day?

A. No, not now.

Q. I say up until within very recent times?

A. Yes, that is about right.

Q. And the railroad man used to get about twelve or fourteen shillings a day?

A. Yes, sir.

Q. Where our men got five or six dollars a day?

A. Yes, sir.

The Master: There is no use comparing conditions in England or on the Continent, with conditions here, because I have been all over Europe

and know what they have been getting and how they are living. Go ahead. I am intensely interested in this whole labor question.

By Mr. Ransom:

Q. This price you give for London was a before the war price?

A. Yes.

The Master: Well, it doesn't make any difference. Conditions are entirely different over here.

Q. Well, there has been a very sharp increase from the before the war price to the present price? 34106

A. No, I think not.

Q. How much?

A. I don't think there has been any. In most cases the price of gas has not changed. In some cases the quality was cut.

Q. That is, it was cut to a B. T. U. basis?

A. Yes.

Q. How low in B. T. U.'s?

A. Five hundred.

Adjourned to Monday, January 26, 1920, at 9:30 A. M.

34107

Last Complainant's Exhibit 451.

Last Defendants' Exhibit AA256.

CONSOLIDATED GAS COMPANY OF NEW YORK vs. NEWTON, ETC., *et al.* 34111

Before ABRAHAM S. GILBERT, Special Master.

NEW YORK, January 26, 1920.

Met pursuant to adjournment.

Present: MR. VILAS and MR. GOETZ, of Counsel for Complainant.
MR. CHAMBERS, of Counsel for defendant Newton.
MR. HAYWARD, MR. CLARK and MR. NEUMANN, of Counsel for Public Service Commission. 34112

The Master: I understand that Judge Ransom is ill.

Mr. Chambers: Not only that, but Mr. O'Brien is sick abed; and I am sick, only I am not in bed. Mr. Hine also is not feeling well and ought not to be here; he ought to be in bed. I would not care to go on without Mr. O'Brien. Judge Ransom is sick in bed?

34113

Mr. Vilas: Yes.

Mr. Chambers: The doctor advises Mr. O'Brien he cannot get out of bed for at least two days—not out of bed, but out of the house. When will Mr. Ransom be here?

Mr. Vilas: I cannot answer that except that he won't be out today.

34114

Mr. Chambers: I suggest that we adjourn until Thursday morning at 9:30.

Mr. Vilas: I suggest we adjourn until tomorrow and then I will be prepared to go on.

Mr. Chambers: Mr. O'Brien won't be ready, he won't be prepared. Fortunately or unfortunately, both counsel are sick, but if we alone were sick, on our side, that would entitle us to an adjournment.

The Master: Of course it is true that if Mr. Chambers, the Deputy Attorney General, and Major Clark, representing the Public Service
34115 Commission, were more anxious to expedite this case, they would put in such direct proof as they have now and save this time. There is not any getting away from that proposition. But, of course, I cannot go on with the cross-examination of Mr. Little, who is Mr. O'Brien's witness. Of course, I properly cannot go on, either, with any proof of the complainant. I probably would not want to press along the cross-examination in Mr. O'Brien's absence, but there is not any reason in the world why the Attorney General and Mr. Clark should not put in their direct proof and put in as much as possible—none in the world.

34116 Mr. Clark: The situation with me, your Honor is that the direct proof I have consists of tables, which will take a very short time to put in.

The Master: Then let us have them.

Mr. Clark: Some of those are not prepared and ready at this time.

Mr. Chambers: We will get a doctor's certificate for Mr. O'Brien.

The Master: You do not need to get a doctor's certificate.

Mr. Chambers: I am sending Mr. Hine home and I am willing to clean up with what I have of

Senator Boylan now. It will take a couple of hours.

The Master: If you say Mr. O'Brien is sick and laid up I am going to take your word for it. You do not need to have an affidavit.

Mr. Chambers: Of course I have not seen him.

The Master: That does not change my mind as to what ought to be done if there is an earnest effort to expedite this case.

Mr. Chambers: I will put on Senator Boylan.

34117

Mr. Clark: I will get Dr. Weber over here to to put in what I can on direct.

34118

The Master: Let us do that. Put in as much as you can.

Mr. Vilas: We have not as yet received the hypothetical question that the Court directed turned over to us.

The Master: I cannot help that.

JOHN J. BOYLAN, called as a witness in behalf of the defendants, being duly sworn, testified as follows:

34119

DIRECT-EXAMINATION BY MR. CHAMBERS:

Q. What is your business, Senator?

A. Real estate agent, broker and appraiser.

Q. How long have you been in that business?

A. I have been engaged in that business during the past twenty years.

Q. Here, in and around New York City?

A. Yes, sir, exclusively.

Q. During that time have you kept acquainted or made yourself acquainted with the values of real estate in the city?

A. Yes, I have.

Q. Both improved and unimproved?

A. Yes, sir, I have.

Q. Have you kept track generally of sales of real property, improved and unimproved, in the city?

A. Yes, I have, as a member of the Real Estate Board of Brokers, a member of their Appraisal Committee as a subscriber to the Real Estate Record & Guide, the Real Estate Record & Guide quarterly and annually, and by attendance at auction sales by getting what information I can of sales that occur, from parties participated in them, or the brokers, and in
34121 general by getting every sort of information I can in order to keep posted as to the general trend of the market.

Q. And have you watched the mortgages on real estate that are recorded from time to time?

A. Yes, sir; I have.

Q. And have you kept track and posted yourself on rentals and rental values in this city?

A. Yes, sir; I have.

Q. Of all classes of buildings?

A. Yes, sir.

Q. That is, like offices and apartments and the like?

34122 A. Yes, sir.

Q. Leases, you have kept track of those?

A. Yes, sir.

Q. Have you testified in various cases as an appraiser of real estate?

A. Yes, sir; I have.

Q. And in condemnation cases?

A. Yes, sir; I have.

Q. Do you recall some of the cases in which you have testified?

A. Yes, sir.

Q. Will you state a few?

A. Why, I testified for the City of New York in the opening of West One hundred and Sixty-eighth Street, the opening of West One Hundred and Sixty-ninth Street, the opening of West One Hundred and Seventy-sixth Street, West One Hundred and Seventy-seventh Street, West One Hundred and Seventy-eighth Street, West One Hundred and Seventy-ninth Street, West Two Hundred and Thirty-first Street, West One Hundred and Thirty-eighth Street, West One Hundred and Thirty-ninth Street, West Two Hundred and Twelfth Street, West One Hundred and Fifty-seventh Street, West One Hundred 34124
and Eighty-eighth Street, West One Hundred and Ninetieth Street, West One Hundred and Ninety-third Street, West Two Hundred and Thirty-fourth Street, West One Hundred and Seventy-second Street, Wes One Hundred and Seventy-third Street, West Two Hundred and Sixteenth Street, West One Hundred and Fiftieth Street, West Two Hundred and Eleventh Street, Northern Avenue, Haven Avenue, and Riverside Drive widening from One Hundred and Thirty-ninth Street to One Hundred and Forty-second Street, Riverside Drive widening at One Hundred and Fifty-fifth Street, the Canal Street widening, Subway Loop No. 5 Proceeding, Fort George 34125
Sewer Matter, the extension of St. Nicholas Park from One Hundred and Twenty-eighth to One Hundred and Thirtieth Street, Watkins Place, the Public Park in West One Hundred and Thirty-seventh Street and St. Nicholas Avenue, the Depew Place closing, the Inwood Hill Park case, the closing of West One Hundred and Fifty-first Street, the widening of East Two Hundred and Forty-third Street, Service Street, Riverside Drive from One Hundred and Sixty-eighth Street to One Hundred and seventy-eighth Street, the Inwood Hill Park proceeding.

Vermilyea Avenue proceeding, Seaman Avenue opening, opening of Sherman Avenue, opening of Arden Street and Thayer Street, the opening of Chittenden Avenue; for the State of New York, the proceeding for the acquisition of the Barge Canal Terminal at Dyckman Street. I have also appraised for the State Banking Department, the State Comptroller's Office, and also for various attorneys, individuals and estates in the City of New York.

Q. Senator, these occasions where you have testified in these proceedings you have mentioned have

34127 covered a number of years back?

A. Yes, sir; they have.

Q. Have you made an examination of property known as Block 3236, Lot 1, up at Fordham Road?

A. Yes, sir; I have.

Q. You have looked that whole block and lot over yourself?

A. Yes, sir.

Q. And you made a study of it?

A. Yes, sir; I have.

Q. Senator, I am going to speak of that part of the lot—this part of the lot here (indicating) that is not occupied by the holder. You know where the

34128 holder is?

A. Yes, sir.

Q. On what portion of the lot?

A. Yes, sir.

Q. And where the gas works are located?

A. Yes, sir.

The Master: Is that the north end of the lot or the south end?

The Witness: The holder is at the south end

Q. Now, I will speak of the north end of the lot. Have you divided up the north end of the lot into building lots

A. Yes, sir.

The Master: Into theoretical building lots.

Q. Into theoretical building lot.

A. Yes, sir.

Q. Where did you make your line from the West Fordham Road, how far over?

A. Beginning at a point about 448 feet.

Q. From West Fordham Road?

A. Yes, sir.

Q. Then you ran a line straight down from Harlem River Terrace to Fordham Road or Sedgwick Avenue?

A. Yes, sir. 34130

Q. Speaking of all the lot, of this part of the lot which is north of that line, have you divided that up into building lots?

A. I have; yes, sir.

Q. How many building lots have you made on Sedgwick Avenue?

A. I have divided it into nine building plots.

Q. Are those dimensions shown on this paper which you have here?

A. Yes, sir; they are.

Q. It shows the frontage?

A. Yes, sir.

Q. Of each of the lots? 34131

A. Yes, sir.

The Master: Plots, he called them.

Mr. Chambers: Plots; yes, sir.

Q. On Harlem River Terrace what did you do, still speaking of the north end of that property?

A. I also divided that up into plots, building plots.

Q. On the Sedgwick Avenue part of that lot, or those plots, what have you designated as being the kind of improvement that could be made there?

A. In my opinion the best improvement would be a 6-story walk-up apartment house.

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Q. And what would you use the Harlem River Terrace part of the lots for?

A. I would use them for garages, public and private garages, and storage, and so forth.

Q. Is that Sedgwick Avenue frontage there in your opinion a feasible place upon which to erect apartments such as you have designated on this paper?

A. I think it is; yes, sir.

Q. And the Harlem River Terrace, is that suitable for the kind of improvements you have designated upon the paper?

34133 A. I believe it is; yes, sir.

Q. Assume that that whole lot, the entire block and lot, is of a value of $200,000.

The Master: Is that any value that is in the record?

Mr. Chambers: Yes, that is their proof.

Q. (Continued.) Assume that the value of the whole block and lot, the land, is shown by the testimony in this case to be $200,000, and taking that as the fact for the value of the whole lot, have you apportioned that part of it south of the line which you have designated a few moments ago?

A. Yes, sir; I have.

34134 Q. Have you apportioned the value of that part of the lot north of that line, as you have divided it up into building lots?

A. Building plots; yes, sir.

Q. Building plots, I should say. Will you please state the details of the relative proportions of the value of those plots, which they bear to the value of the whole lot, namely, $200,000, speaking of that part of it north of the line you have described?

Mr. Vilas: That is objected to first on the ground it does not appear that the witness is qualified by experience or knowledge to testify

as to values in that part of the city; secondly, that the division that the witness appears to have made of the property does not conform to the testimony already in this record as to the use which is made of the property. On the further ground that it already appears in evidence that all of this property is acquired and held by the complainant company as one piece of property, from the necessities of the case.

The Master: I will take the witness's testimony.

Mr. Vilas: Exception. 34136

A. Speaking of the part north of the line heretofore referred to, I have divided the entire plot into three parcels which I have designated on the small diagram here as No. 7, No. 8 and No. 9. That part referred to as No. 7 has a frontage on Sedgwick Avenue, which comprises in all thirty-nine lots. These thirty-nine lots I have valued at the rate of $1,500 per lot, which gives a total of $58,500. I have taken the frontage of Harlem River Terrace, which I have designated on this diagram as No. 8. That plot or parcel of land comprises thirty-four lots, which I have valued at the rate of $800 a lot, amounting to $27,200. 34137

Q. Now, the interior strip?

A. The interior strip between 7 and 8 I have designated on this diagram as No. 9. This comprises an area of twenty-four lots. I have valued them at the rate of $383 a lot, amounting to $9,192.

Q. Making a total for the Sedgwick Avenue frontage, the Harlem River Terrace frontage, and the interior strip, of how much?

A. Making a total of the three strips of $94,892.

Q. Now, the values that you have placed upon this land in the way you have divided it up, that is on the

assumption only that the total value of the whole lot was $200,000?

A. Yes, sir.

Q. Now, the other part, the southerly part of this lot, what have you done with that?

A. I have taken a plot commencing at a point about 200 feet from the pumping house, and drawing a line 100 feet in depth—

Q. In a northwesterly direction?

A. In a northwesterly direction, and thence running a northerly direction about 300 feet; thence in
34139 an easterly direction 130 feet; thence in a southerly direction about 400 feet.

Q. Following Sedgwick Avenue and Fordham Road around to the place where you began?

A. Yes, and comprising in all an area of about 60,000 square feet.

Q. Is that shown on this paper which you have in front of you?

A. It is shown.

Q. Now, just to interrupt, as you looked the land over there, is there ample room in and around about the gas holder and the gas works with that plot taken off?

34140 Mr. Vilas: I object to that. This witness is not qualified.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I think there is, yes, sir.

Q. Now, what have you done with this plot you have just described?

A. I have designated this plot on the small diagram that I have here under the numbers of 2-A, 3-A, 4-A and 6-A. 2-A comprises an area of four lots.

Q. And they front on what?

A. They front on Fordham Road. I valued them at the rate of $1,700 a lot.

Q. That is on the assumption that the total value of this lot was $200,000?

A. The entire plot, yes, sir. I valued these four lots at the rate of $1,700 a lot which amounted to $6,800. I took the adjoining parcel, which I have designated as 3-A, comprising an area of ten lots, which I valued at the rate of $2,200 a lot.

Q. On the assumption that the total value of the plot was $200,000?

A. On that assumption, yes, sir. This amounted to $22,000. I have taken the four lots designated as 4-A, and I have valued them at the rate of $1,700 34142
a lot on the assumption that the total value of the plot was $200,000. This amounted to $6,800. I have taken the plot designated as 6-A, which comprises a parcel of six lots, and I have valued those at the rate of $866 a lot, on the assumption that the entire plot is valued at $200,000. This amounted to $5,196.

Q. Making a total for this plot that you describe of how much?

A. Making a total on this plot of $40,796.

Q. Then what value have you allowed for this portion where the holder and the gas works are located, what portion of the $200,000?

Mr. Vilas: I object to that as incompetent, 34143
irrelevant and immaterial.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I valued that at $64,520.

Q. And to apportion that value you divided that up into different divisions, didn't you?

A. Yes, sir.

Q. Now, those three sums added together, the sum for the gas holder part and the sum for the 60,000 square foot portion, and the sum for this part to the north of this line, about 448 feet from West Ford-

ham Road, that is what you added together to make what?

A. $200,000.

Q. That is the total value of the whole property that you assumed?

A. Yes, sir.

Q. Only for the purpose of this apportionment?

A. Yes, sir.

Q. In your judgment is it perfectly feasible to divide this 60,000 square foot plot up in the manner you have described?

34145 Mr. Vilas: Objected to on the grounds previously stated.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I think so, yes, sir.

Q. And would these make, in your judgment, desirable plots upon which to build?

Mr. Vilas: Objected to for the same reason.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I think so, yes, sir.

Q. And in your judgment would they be salable so divided?

34146 Mr. Vilas: Same objection.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I think so, yes, sir.

Q. How about these plots in that part of the property north of the line you have described. Would those be salable plots in your judgment?

A. I think they would, yes, sir.

Q. And desirable for the location of apartments? Garages in the rear, etc., as described?

A. Yes, sir.

Q. Is it your opinion and judgment that it would be reasonable to build upon them in the manner that you have indicated?

Mr. Vilas: Objected to as incompetent, irrelevant and immaterial, and for the reasons previously stated.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I think so, yes, sir.

Q. And after looking the property over there, did you see any difficulty that anyone would encounter in building apartments, such as you have described that could not be reasonably overcome?

Mr. Vilas: I object to that on the grounds stated. 34148

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I did not.

Mr. Chambers: Now I offer in evidence this plan.

The Master: Being the plan to which the witness has referred.

Mr. Chambers: The plan to which the witness referred.

The Master: I object to that on the grounds irrelevant and immaterial, on the ground that the witness has not been shown to be qualified to testify as to the value or the use of this property; on the ground that the portion of the property segregated by the witness as suitable for the occupancy of the gas holder and governor house does not conform to the testimony previously given in the case as to the actual occupancy; on the further ground that the witness has not been shown to be qualified to determine what lands are properly necessary for the use of the complainant company's gas holder and governor house; and on the further ground that the witness has not been shown to be qualified to place values 34149

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upon property used by the complainant company in the gas business and for gas purposes.

The Master: Objection overruled.

Mr. Vilas: Exception.

Paper received in evidence and marked Defendants' Exhibit AA257.

Q. In order to make sure, I don't know whether I asked you, this Defendants' Exhibit AA257, correctly shows all details of what you described a few minutes ago?

A. Yes, sir.

34151 Q. Now, Senator, you have some further details here that you have mentioned?

A. Yes, sir.

Q. The first page here, shows that part of the lot which you have described to the south of that line that runs from Harlem River Terrace down to Sedgwick Avenue?

A. Yes, sir.

Mr. Chambers: I offer that diagram in evidence.

Mr. Vilas: Objected to upon the grounds stated with reference to the preceding exhibit.

The Master: Objection overruled.

34152 Mr. Vilas: Exception.

Diagram received in evidence and marked Defendants' Exhibit AA258.

Q. Now, the second diagram in here shows that portion of the lots divided up into plots in the manner you have indicated north of that line running from Harlem River Terrace down through Sedgwick Avenue?

A. Yes, sir.

Q. And correctly shows it as you have described it?

A. Yes, sir.

Mr. Chambers: I offer that in evidence.

Mr. Vilas: I make the same objection.

The Master: Objection overruled.

Mr. Vilas: Exception.

Paper received in evidence and marked Defendant's Exhibit AA259.

By the Master:

Q. What possible use could be made of that strip, Senator?

A. That strip could be used for perpetual light and air for six-story apartment houses on Sedgwick Avenue. I gave it a very low value, only $383 a lot. 34154
It could be ultimately carried down to Harlem River Terrace.

Q. It would be used in connection with the apartment houses to be of any use at all?

A. That would be the only purpose of it.

Q. So really what you have done is to divide that section into two, the northerly end, into two sections, which you think could be used for apartment houses, with this light and air land back of it, and then the other part on Harlem River Terrace for garages?

A. Yes, sir.

Q. In making your calculations you have figured it on frontage lots 100 feet deep? 34155

A. Yes, sir.

By Mr. Chambers:

Q. You have assumed practically that the one person would undoubtedly take the whole right straight through, didn't you?

A. I did.

Q. And whoever built the apartment, his lot would run clear through to the other street?

The Master: Not necessarily.

Mr. Chambers: Not necessarily, but that would be the feasible way.

The Witness: If you are going to save the light and air and outlook.

The Master: Yes, but suppose one man bought 100 feet deep on Harlem River Terrace for garages, and then the balance of it was sold to the man who wanted to put up the apartment houses and have the outlook, you would have two ownerships, and not necessarily one.

The Witness: But they control the interior; the apartment houses would control the interior.

The Master: Precisely. Mr. Chambers' question was to the effect that you contemplated one
34157 man getting the whole northerly section. That would not be necessary. One man could buy the Sedgwick Avenue front with that interior lot, and another man buy the Harlem River Terrace section.

The Witness: Yes, sir.

Mr. Chambers: Yes, there could be two owners as well as one.

Q. Now, Senator, did you make a detailed examination of what is known as the West Fifty-seventh Street Office Building of the Consolidated Gas Company?

34158 A. Yes, sir.

Q. That is Block 1028, Lot 38, is it, as you recall?

A. Yes, sir.

Q. Known as 212 West 57th Street?

A. Yes, sir.

Q. Did you make a very careful and detailed examination of that building?

A. Yes, sir; I did.

Q. What did you find it was used for? First, describe the building as you found it?

A. A plot or parcel of land lying on the southerly side of West 57th Street distant 200 feet from the southwest corner of Seventh Avenue and 57th Street; having a frontage on West 57th Street of 120 feet; having a depth on the westerly side of 106.11 feet; having a depth on the easterly side of 89 feet; running irregularly in the rear, first running west 35 feet, thence running south 10 feet, thence running west 50 feet, thence running north 3 feet, and thence running west 35 feet. On this plot or parcel of land is erected a 3-story and basement building.

Q. Have you shown the building that is on there 34160
on this paper here that is marked, "Consolidated Gas Company" on the front?

A. Yes, sir.

Q. Does that correctly show the front view of that building?

A. Yes, sir.

Q. Will you describe the number of stories and how it is built, and what it is used for as you found it on your examination?

A. It is a brick and stone building. The basement is used for storage of records and lockers and toilet rooms. The first floor, the store floor, is occupied as a room for the exhibition of various gas appliances 34161
and for office purposes. The second floor is occupied as salesmen's rooms, collectors' rooms, various clerical work, and the small show room for the exhibition of gas fixtures. The third floor is occupied for the storage of gas radiators.

Q. Now the first floor, how high does that go, does it occupy the whole plot?

A. The first floor occupies—the building occupies the entire area except this small jog in the rear.

Q. Now, you have shown that in pink there, the first floor in pink, haven't you?

A. Yes, sir, I have.

Q. And this little light colored part here in the rear is the part that is not occupied, but the rest is occupied by the first floor of the building?

A. The first floor. The jog is occupied by the basement.

Q. The second floor, how much of the lot is occupied by the second floor?

A. The second floor simply extends back 50 feet; the third floor 50 feet.

Q. Now, the building, the first floor—all the floors, or the first floor extends clear across 120 feet front?

34163 A. Yes, sir.

Q. Now, what did you find right next to that building at that time? Does this paper show, this map or water color, or whatever it is, does that show the building adjoining, known as—

A. Rodin Studios.

Mr. Vilas: I object to that as irrelevant and immaterial, what the property adjoining this is.

Mr. Chambers: Well, I will show you how it is material.

The Master: The purpose apparently is to show that this was not an adequate improvement for this parcel of land.

34164 Mr. Vilas: Exception.

Mr. Chambers: Yes, a wilfull waste of money, I think, as will appear in a minute.

Q. Is that the building adjoining?

A. Yes, sir.

Q. And what direction of the compass is that?

A. That is to the east, a large building known as the Rodin Studio Building.

Q. And what is that building occupied for above the ground floor?

A. For studio apartments, a small part of it; part of the second floor and a portion of the third floor

is occupied in connection with the store by the Kelly Springfield Tire Company.

Q. This location is valuable, isn't it?

A. Yes, sir, it is.

Q. Senator, is the location of that property valuable there?

Mr. Vilas: Objected to as immaterial and irrelevant.

The Master: I will allow it.

Mr. Vilas: Exception.

A. The general trend of values in New York for residence and retail business has been northward. 57th 34166
Street has been changing during the past few years from an essentially residential block to a block for business and apartment houses, and 57th Street is a wide street, its transit facilities are excellent, there is a subway station practically on the corner, 200 feet from this building, it is near the crosstown lines on 59th Street, the various surface lines.

The Master: Well, it is the heart of New York, isn't it?

The Witness: Virtually the heart of New York.

Q. Did you figure out the number of square feet of that plot of land? Do you know how many square 34167
feet there are?

A. Yes, sir.

Q. How many square feet are there?

Mr. Vilas: Which plot are you talking about now?

Mr. Chambers: The Consolidated Gas Company's.

A. I considered there was a plot of about 12,080 square feet.

Q. And assuming that land cost $400,000, that is at the rate of $33 per square foot?

A. Yes, sir, it is.

The Master: Is that cheap? What do you think of that price, Senator?

The Witness: I think it is cheap.

Q. Well, in 1907, you think that was probably a fair price?

A. 1917.

Q. 1917 or 1916 they purchased it.

The Master: Do you figure that was cheap in 1916 or 1917?

Q. Is it a fair price? What do you mean, cheap?

The Master: I am asking him was it cheap.

34169 The Witness: I think it was very reasonable.

The Master: Worth a great deal more today, isn't it?

The Witness: Yes, I believe it is.

Q. Now, assuming that the testimony shows that the building cost $294,718.47, have you figured out how much per cubic foot that would be, how many cents?

Mr. Vilas: That is objected to.

The Master: Figured on the square foot?

Mr. Vilas: I object to that as incompetent, irrelevant and immaterial, no bearing on this case, for the building.

34170 The Master: I will allow it.

Mr. Vilas: Exception.

A. It would amount to about 51 1 3 cents a cubic foot.

Q. Now, have you figured out the gross area of all floors?

A. Yes, sir, I have.

Q. And what do you make it?

A. I made it 35,605 square feet.

Q. Now, if you deduct 10 per cent for walls, that leaves a net floor space of how much?

A. 32,044 square feet.

The Master: Hadn't you better bring out from the Senator that the 10 per cent deduction is a proper deduction for walls?

Q. Is that 10 per cent for walls a proper deduction, in your opinion?

Mr. Vilas: Objected to, the witness is not qualified.

The Master: I will allow it.

Q. Walls, stairways, etc.?

A. Yes, sir, it is.

Mr. Vilas: Exception.

Q. Now, if you divide the cost value of property, adding land, $400,000, and the building at $294,718.47, have you figured out what the Gas Company, if they paid those sums, paid for each square foot of net floor space? 34172

Mr. Vilas: That is objected to as incompetent, irrelevant and immaterial.

The Master: Allowed.

Mr. Vilas: Exception.

A. Yes, sir.

Q. How much would that be?

A. About $21.68.

Q. Now, have you figured out the operating expenses per year of this building? 34173

A. Yes, sir, I have.

Q. How much do you make them?

Mr. Vilas: That is objected to.

The Master: Allowed.

Mr. Vilas: Exception.

A. I made it about $25,335.

Q. And you figured in the taxes and insurance, and the water?

A. Yes, sir.

Q. And you made those three items how much?

A. $14,135.

Q. And then superintendence and engineering?

A. I figured that about $2,500.

Q. Decorations, etc., at how much?

A. About $500.

Q. And assistant engineering and cleaners, how much?

A. About $3,000.

Q. And two elevator men?

A. About $2,000.

Q. Heating by gas?

A. About $1,000.

34175 Q. And lighting?

A. About $1,200.

Q. And contingencies?

Mr. Vilas: This is all over my objection.

The Master: Yes.

Q. Contingencies?

A. About $1,000.

Q. And those together make up the sum you mentioned?

A. Yes, sir.

Q. That doesn't carry with it any return on the investment?

A. No, sir; it does not.

34176 Q. Now, assuming that they are entitled to a return of 5%, what would you add to that $25,335?

Mr. Vilas: I object to the question, assuming an unreasonable return.

The Master: I will allow that, too.

A. Assuming that they were allowed a return of 5%, it would be about $35,000.

Q. More?

A. More.

Q. And assuming that they are allowed a return of 7%, how much more would it be?

A. Assuming they are allowed a return of 7%, it would be about $49,000 more.

Q. That makes a total with the 7%, would make a total of that $25,335 added to this other sum?

A. Yes, sir; it would.

Q. Now, are you able to say what the Consolidated Gas Company could have rented or leased property in that locality for?

The Master: What does the Senator figure that building would rent per square foot? What is it costing them per square foot?

Mr. Chambers: He has figured the total cost. It may be figured in square feet.

The Master: That would not help me any to 34178
get an answer to that question, as to what they can get other space for, unless I know what this space costs them.

Mr. Chambers: I am ahead of my story, I guess.

Q. You have found out that they have substantially 32,044 square feet there?

A. Yes, sir; I have.

Q. Now, what in your opinion, from what you saw, over there, and what you saw in the building, are you able to say how many square feet they really need there for the purposes as they now exist?

Mr. Vilas: That is objected to. 34179

The Master: I will sustain the objection.

Mr. Chambers: Exception.

The Master: I will let Senator Boylan testify to the real estate end of it, as to what the space they occupy could be had for in that locality, a store and upper floor and basement.

Mr. Chambers: Yes.

The Master: I will take that, but I won't let the Senator say that they can store their stuff somewhere else.

Mr. Chambers: Well, a lot of it he showed was not really used in this building.

The Master: You can produce other evidence, and I will decide it. I will take the Senator's judgment as to values and revenue. Now, let us get back to your question. What, in fact, does it cost the Consolidated Gas Company for the rent of this space, what are they paying as rent?

The Witness: In my judgment they are paying as rent, including every square foot of space in the building—

The Master: Yes.

The Witness: About $2.25 a square foot.

34181 The Master: That includes—

The Witness: And that includes the basement, the store, and the two upper stories.

By the Master:

Q. It averages $2.25 a square foot all the way through?

A. All the way through, including the basement.

Q. How many square feet are there in the third story?

A. Gross about 6,000, say about 5,000 net.

Q. Well, it would be more than that with 10% off?

A. 5,400.

34182 Q. Now, let us take the third story at 5,400 feet; now, how much in the second, about 5,400?

A. The same.

Q. And in the store?

A. The store about 10,500.

Q. How is it the store is so much, is that deeper than the upper stories?

A. Yes, it occupies substantially the full lot.

Q. The basement is 10,500 too?

A. Yes, there are a few feet more in the basement.

Q. Well, that would be near enough.

A. The yard is only occupied by the basement, not by the first or any of the other floors.

Q. Now, what is the rental value of the third floor, 5,400 feet, worth on that street?

Mr. Vilas: I object to that

Mr. Chambers: Or near by.

The Master: No, on 57th Street I want first.

Mr. Chambers: Yes.

A. On 57th Street I would say it would be worth about, a third floor, would be worth about $2 to $3, $2, anyway.

34184

Q. The second floor?

A. The second floor about the same.

Q. And the store?

A. The store would be worth about—

Q. (Interrupting.) Well, the basement would probably go with the store, wouldn't it?

A. Well, they would charge a little extra, although I would say the store would be worth about $8 a foot.

Q. And the basement?

A. About 50 cents a foot.

Q. So the store and basement would probably rent for about $8.50?

34185

A. Yes, sir.

Q. Well, now, this company could not on that street possibly hire that kind of space for what it cost them to build this building, could they? That is not what you intend to claim by your testimony?

A. I don't quite understand you.

Q. If they went out to rent similar space, it would cost them a great deal more than they are now paying in the way that they built this building on that plot?

A. Why, the way they built the building, I do not consider the building is an adequate improvement.

Q. I understand that, but the first thing I want to get clear on the record is this, that if they were to hire 10,500 square feet of space on that block, store space, and 10,500 square feet of second story, on that block, it would cost them a great deal more than they are paying now if they need all that space?

A. It would, yes.

The Master: Now, go ahead.

By Mr. Chambers:

Q. Now, nearby, say within a block or so, how much could you rent that floor space for in your opinion?

34187 Mr. Vilas: I object, within a block or so.

The Master: Yes, I will allow it. It will be for me to decide whether this company ought not to have gone down to Sixth Avenue or some other place.

Mr. Vilas: Or First Avenue.

The Master: No.

Mr. Goetz: If you do, then you ought to increase the operating expenses. If the company leases land or leases property or premises, then the operating expenses should increase and the capital investment will decrease.

Mr. Chambers: Why not have them put an

34188 office building and storage building on Fifth Avenue, right near John Jacob Astor's place?

The Master: What I have tried to make clear on the record first is, in so far as it would be more advantageous to the Gas Company to put up an adequate improvement on this plot and rent its space somewhere else—what I want to make clear was that it would cost them more to rent space in that block than this space costs them. Now, Mr. Chambers wants to point out and spread on the record what they could hire space for 700 or 800 or 900 feet away on Sixth Avenue,

between 50th and 57th Streets or somewhere else, and I will let him show it. It will be a question for me to decide whether this company used judgment in building where it did.

Mr. Chambers: And whether the gas consumers ought to carry that storing—it is not all used—a storage building in that locality, used incidentally as an office.

The Master: Go ahead.

Q. The question is, take that same floor space, could the company rent that same floor space within a block or so away from this building, and for how much, in 34190
your opinion?

The Master: You mean hire it?

Mr. Chambers: Hire it.

A. In my opinion, the company could hire the space that they need, or assuming that they used the same space that they have used here, for about one-half what it costs them here.

Q. That is, there would be a saving of about one-half?

A. Yes, sir.

The Master: Well, you better tell us where you have in mind.

Q. Yes, give us the location? 34191

A. Why, they could go down to 55th Street between Seventh Avenue and Broadway, and 54th Street, between Seventh Avenue and Broadway; 52nd Street, they could go to 57th Street between Eighth and Ninth Avenue, which is a good block, and would be just as advantageous, in fact there is a number of locations there where they could go and get space to my mind for about half what it costs them for the space in this building.

Q. Now, Senator, have you worked out a kind of an improvement they could have put on this lot, and

how much they could have made, how much they could make with such an improvement?

The Master: Well, I don't think we want to take that, Mr. Chambers. This company can't go into the building business.

Mr. Chambers: They have downtown in 15th Street here, they have built a great building and rented it out. My proposition is here that they should have built a building just like the one there, and rented it out.

Mr. Vilas: I think that is wholly incompetent, purely speculative.

34193

Mr. Chambers: It would be had you not already shown in this case, that you are in the real estate business, that you built a great office building and have rented it out.

The Master: Don't argue with Mr. Vilas. I will allow it.

Mr. Vilas: Exception.

Q. State what kind of improvements, back in 1916 when they built this, assuming they built this building in 1916 or 1917, could have been worked out there?

A. Why, I believe that the company when they put

34194

up this building in 1916 or 1917 could have constructed a building similiar to the adjoining building on the east, which is a building only about three or four years old. The company could have erected a thirteen-story building there, and they could, assuming as the area of the plot 12,080 square feet, they could under the Tenement House Building Law put up a building that would occupy approximately 70 per cent of the lot, which would be an area of 8,456 square feet, and excluding halls and walls and allowing 220 square feet to the room, they could get in 35 rooms, and thirteen stories would be 455 rooms, allow a very fair rental—

The Master: How much would it have cost them to put up the building first?

The Witness: I estimate it would cost to put up the building $627,858.

The Master: For thirteen stories?

The Witness: Yes, sir.

Q. At how much a cubic foot?

A. At 45 cents a cubic foot.

Q. As against 51 1 3 cents that they paid?

A. Yes, sir.

Q. Would that in your judgment be a fair and reasonable cost per square foot, 45 cents a cubic foot? 34196

Mr. Vilas: I object to it, it is purely speculative.

The Master: I will allow it. What the Gas Company did in one case, I don't think creates a basis for compelling them to do it in another; the fact they spent a lot of money in putting up a big office building in 15th Street, I don't believe requires them, just because they have another plot, to spend between $600,000 and $700,000 instead of between $200,000 and $300,000.

Mr. Vilas: The circumstances are wholly different. 34197

The Master: Unless, of course—well, I don't believe offhand they should be required to spend $500,000 more than they wanted to spend.

Mr. Chambers: Why did they down in 15th Street?

Mr. Clark: They were bound to use the property economically.

The Master: It might be $500,000 more than they wanted to spend.

Mr. Chambers: Why did they down in 15th Street?

The Master: I do not know.

Mr. Vilas: There are perfectly good reasons, which are apparent.

The Master: But I do not think because they did it there they should have done it here.

Mr. Chambers: I say they should not have put this property on this land at all.

The Master: That is another proposition.

By Mr. Chambers:

Q. Go on, Senator Boylan, and describe your building further?

34199 A. 455 rooms at the fair rental there, of that kind of an apartment, would be at least $35 a room.

The Master: A month?

The Witness: Yes.

Q. $35 per room per month?

A. $35 per room per month.

By the Master:

Q. How large a room do you figure on?

A. That would be 220 square feet.

Q. 220 square feet?

A. Yes, averaging them all at that. Some would be larger and some would be smaller. You would have to give a pretty good room there. That would

34200 be a fair sized room. That averages them all; the living room and dining room could be larger, and the chambers and the kitchen smaller.

Q. And is that what you could get for it?

A. That is about the minimum, because way up on Broadway you pay $35 a room, far from this section. I know apartments where they get at the rate of $67.50 per month per room.

By Mr. Chambers:

Q. That is the minimum, your figure, you think?

A. I have been conservative, yes.

The Master: I think so; from my knowledge of conditions I think that is conservative.

Mr. Goetz: Every one of these factors was investigated by the company.

The Master: What?

Mr. Goetz: Every one of these factors has been gone into by the company.

The Master: That is a different question. I think Senator Boylan's figures as to what you could rent those rooms for had the building been built at this time, are probably conservative. Proceed.

The Witness: That would give you a rent roll of $15,925 a month, and for twelve months it 34202
would be $191,000. Then taking a net rentable store floor of say about 7,500 square feet, and rent that at a conservative rental of $8 a square foot, would give you $60,000 a year for the store floor. The upper floors renting for $191,100 that would give you a total rent roll per year of $251,100. The value of the land being $200,000, the cost of the building being $627,858, would give a total cost for the land and improvements of $1,027,858.

Q. Such as you have described here?

A. Yes, sir.

Q. And with that investment you would have a re- 34203
turn, as you say, a gross return of $251,100?

A. Per annum; yes, sir.

Q. Per annum?

A. Yes, sir.

The Master: In 1916, Mr. Boylan, did you anticipate the present rental conditions we have on Manhattan Island today?

The Witness: No, sir.

Q. The rentals and all that you are speaking of are as of 1916 and 1917?

A. Yes, sir.

34204 John J. Boylan, Direct.

Q. The cost of this building and what it could be rented for and all that?

A. Yes, sir.

Q. Not now, but then, when this same building was erected there?

A. Yes, sir.

The Master: I think this ought to be brought out: What in your judgment was the chance of filling the thirteen-story building in 1916?

Mr. Chambers: In this location.

The Witness: I think it was very good. We
34205 had not entered into the war and there was no embargo on materials, and I think you would have had a very good chance to build it in 1916.

The Master: No, I mean to fill it.

Mr. Chambers: To fill it, to rent it.

The Witness: In a location of that kind I think you would have an excellent opportunity.

The Master: Do you know the building at 57th Street? Who was it built that—a very ornate building? It was an apartment house. What concern built that—some big operators.

Mr. Vilas: There is another question as to whether a building like that could be completed.

The Master: Well, proceed.

34206 Q. In your judgment, could this building have been completed if started in 1916?

A. I think so, yes.

Q. And the one right next door to it in your judgment was built about that time, was it not?

A. About that time; yes, sir.

Q. In your opinion, knowing this property there and the value and the rentals, etc., is that building of the Consolidated Gas Company in the way it is built there, clear across the front of that lot, the first story occupying substantially the whole plot,

the second and third stories occupying only a portion of it—is that an adequate improvement for that land?

Mr. Vilas: That is objected to as incompetent, and something for the Court to determine.

The Master: I will allow it.

Mr. Vilas: Exception.

A. In my opinion it was not an adequate improvement.

Q. It is a liability more than it is an asset, is it not?

Mr. Vilas: Objected to. 34208

The Master: Objection sustained.

Q. With a frontage of 120 feet there how could you have erected a building there with the same kind of floor space as you have here?

The Master: Has he not covered all that?

Mr. Chambers: No, he has not said anything about that at all.

Mr. Vilas: I object to it. It is fully covered, is purely speculative and hypothetical anyway.

The Master: I will allow it.

Mr. Vilas: Exception.

A. Why, the company could, for instance, take a plot 50 feet.

Q. Front? 34209

A. 50 feet front, which would give them the remaining frontage of 70 feet, and they could put up a building covering the full area of the lot on the 50 feet and go up in the air instead of spreading it. That would give them the value for the rental of the other 70 feet.

Q. And they could sell off this other 70 feet?

A. Sell it off or improve it.

Q. Did you figure out—I do not know whether you did—the cost of that building, going up in the

air like that, 50 feet front, with this same floor space?

A. No, I did not, but I could figure it.

Q. But in that way they would only occupy a frontage of 50 feet and they would have the other 70 feet available to sell or to rent or lease, or for any other purpose?

Mr. Vilas: That is objected to on the grounds previously stated.

The Master: It is allowed.

Mr. Vilas: Exception.

34211 A. Yes, sir.

Mr. Chambers: I offer in evidence this sheet with a diagram of the floor plan of the building, the elevation of the Consolidated Gas Company's building, and the elevation of the building to the east described by the witness.

Mr. Vilas: That is objected to as incompetent, irrelevant and immaterial and on the grounds previously stated in objection to testimony.

The Master: Objection overruled.

Mr. Vilas: Exception.

Marked Defendants' Exhibit AA260.

34212 Mr. Chambers: That is all for Senator Boylan. I am going to call him on an entirely different proposition, but that is all on this question. I am going to call him on other phases of the case which have nothing to do whatever with this testimony here concerning these two pieces of property.

Mr. Vilas: I think that if Senator Boylan is coming back we ought to have his whole testimony before cross-examination.

Mr. Chambers: No, he is busy in the Legislature and I think you ought to cross-examine him on this.

34213

Mr. Vilas: If he can come back Thursday and finish up, then we will finish with him.

Mr. Chambers: On second thought, I do not care, I would just as soon he cross-examine him Thursday as now.

The Master: Mr. Vilas says he does not want to cross-examine him but wants to wait for Judge Ransom. It only means that this case will go over to the 15th of February, because I am going away the end of this week.

Mr. Vilas: If it means that I will cross-examine him now.

34215

Mr. Clark: I would like to call Dr. Weber for a few questions and let him go.

The Master: Yes, we will do that now and the complainant can decide on the cross-examination of Senator Boylan.

ADNA F. WEBER, recalled.

DIRECT-EXAMINATION BY MR. CLARK:

Q. Dr. Weber, I show you a table entitled "Financial Results of the Gas Business Conducted in the Name of the Consolidated Gas Company, Ten Years, 1909 to 1918," as disclosed in its annual return to the Public Service Commission, and ask you whether it was prepared under your direction?

34214

A. It was.

Q. Was it checked under your direction?

A. Yes.

Q. Do you believe it to be accurate?

A. I do.

Q. Will you state what this purports to show?

A. This is a table of ratios produced from the table already in evidence, Exhibit No. 244.

34216 Adna F. Weber, Direct.

Q. Will you state how you arrived at the different lines of figures on this table and these ratios?

A. The gas sold per mile of main is figured by dividing the miles of mains in the Borough of Manhattan by the total gas sold year by year. The meters per mile of main is figured by dividing the miles of main in Manhattan by the number of meters. The meters per service is figured by dividing the number of meters by the number of services, service pipes in use. The price paid per one thousand cubic feet of gas purchased is figured by dividing the
34217 total amount paid for the gas from other sources by the quantity of gas from other sources.

Q. You mean the total amount or the net amount?

A. The total amount of money.

Q. The total amount of money?

A. The total amount of money paid for the gas from other sources, by the quantity of gas from other sources. The price paid to the Astoria is figured by dividing the respective lines making up the total price at Astoria cost and return by the quantity of gas purchased from the Astoria Company.

Q. Where did you find the quantity of gas purchased from the Astoria Company?

34218 A. The quantity of gas purchased from the Astoria Company was taken from the schedule of intercompany purchases and sales in the annual reports of the Consolidated Gas Company. The cost of manufacturing per M made was figured by dividing the total manufacturing expense by the quantity of gas manufactured. The remaining ratios represent the average amount in cents per M cubic feet of gas sold, and the divisor in each case being the gas sold, the quantity of gas sold.

Mr. Clark: That is all I have of Dr. Weber.

The Master: Then you offer that in evidence?

Mr. Clark: I offer that table in evidence.

The Master: It will be received subject to the general objections heretofore interposed by counsel to exhibits of a similar character, and exception allowed.

Mr Goetz: Also the additional objection that by this exhibit the defendant Public Service Commission is attempting to present to your Honor an argument which ought to be presented by counsel and not by sworn witness. 34220

The Master: Objection overruled.

Mr. Vilas: Exception.

Marked Defendants' Exhibit AA261.

The Master: Cross-examination will be suspended until a later occasion.

JOHN J. BOYLAN, resumed.

CROSS-EXAMINATION BY MR. VILAS:

Q. Senator Boylan, what is the name of your real estate firm? 34221

A. John J. Boylan.

Q. You don't operate in the section of New York in the Bronx in the neighborhood of Kingsbridge, do you?

A. I am familiar with Manhattan and the Bronx. In fact I have done work in all the five boroughs of the City.

Q. Your principal operations, as a matter of fact, are in Manhattan, are they not?

A. Manhattan and the Bronx.

Q. And more in Manhattan than in the Bronx?

34222 John J. Boylan, Cross.

A. Well, the greater portion, which is natural, you know there are more transactions and matters in Manhattan than in the Bronx.

Q. Have you had any experience at all in the neighborhood of the property at Fordham Road and Sedgwick Avenue that you have testified about?

A. Why, I have had general experience.

Q. Have you had any specific property in that neighborhood?

A. Not just there, no.

Q. Have you had any property in that part of the
34223 Bronx, or in the adjacent part of Manhattan Island situated topographically as this holder property is situated?

A. Why, I appraised property about similar to this on Riverside Drive, and in the Inwood Hill Park section.

Q. By similar, do you mean similar physically?

A. Topographically, you used the word.

Q. Yes, I said topographically. That is the word you had in mind?

A. Yes, sir.

Q. You do not consider the property you appraised on Riverside Drive and in the Inwood section a com-
34224 parable property to this property, do you?

A. Well, indirectly, yes. There is a great difference between the grades of parts, as there is on this property.

Q. Now, this property at Fordham Road is largely a sidehill property, isn't it?

A. Yes, sir, it is.

Q. And the grade of Sedgwick Avenue along the top of the property is approximately 100 feet or more above Harlem River Terrace, isn't it?

A. It is, yes, sir.

The Master: Is that rock up there, Senator?

The Witness: Rock, yes, and it then slopes down.

Q. It is a rocky ledge that slopes down very precipitously in most parts, to Harlem River Terrace?

A. About 100 feet, yes, sir.

Q. For about 100 feet down?

A. Yes, sir.

Q. Now, in order to construct apartment houses on Sedgwick Avenue as you have suggested, it would be necessary to underpin those houses with walls set into the rock below, and extending down a good many 34226
feet, wouldn't it?

A. Yes; it could be terraced off.

Q. You would have the property terraced as it falls away from Sedgwick Avenue?

A. Yes.

The Master: What I haven't got clear is this: Take the grade of Sedgwick Avenue, is that rock above that grade?

The Witness: No.

The Master: The lot is on the grade at Sedgwick Avenue?

The Witness: About on grade.

The Master: How about Harlem River Ter- 34227
race, is it on grade there?

The Witness: The Harlem River Terrace part is also on grade.

The Master: What is this here (referring to photograph)?

The Witness: Harlem River Terrace.

The Master: Defendants' Exhibit AA195, the road which seems to go by the gas holders, that is Harlem River Terrace?

The Witness: That is Harlem River Terrace.

The Master: And the road on top of the hill is Sedgwick Avenue?

34228 John J. Boylan, Cross.

The Witness: Yes; here is Sedgwick Avenue here (indicating).

The Master: In other words, this rocky ledge falls away almost at once from Sedgwick Avenue?

The Witness: Yes, sir.

The Master: Right down to Harlem River Terrace?

The Witness: Yes.

The Master: So you would have to build out into the air and then carry it down to the foun-
34229 dation?

The Witness: As counsel suggested, you would have a masonry retaining wall, and then have it terraced down.

The Master: So that on the Sedgwick Avenue front it would be a question of building up foundations to carry you to grade rather than blasting away rock?

The Witness: Yes, sir.

The Master: And when you get further down it would be a question of blasting away rock to get a cellar and get a foundation.

The Witness: Yes, sir; if both operations were
34230 done at once you could use that rock to build the foundations of the houses on Sedgwick Avenue.

Q. Is the character of the rock such as could be used for foundations?

A. Why, it is ordinary field rock; I think it could be, yes, sir.

Q. Have you examined it with that in mind?

A. In a general manner, yes, sir.

The Master: How have they got tennis courts on ground like that?

Mr. Chambers: Don't ask me. If these gas consumers were rich people, all of them, they

34231

could carry that the same as they could carry the 57th Street, but they are poor people and can't afford to pay a cent more than is necessary or than is proper.

Q. Senator, have you made any investigation of the character of the rock in this particular section of the Bronx to determine whether it is suitable for that or not?

A. No special investigation.

Q. And you don't know of any case where it has actually been used?

34232

A. I don't recall.

Q. Have you heard of a case in that neighborhood where it was sought to be used and found unsatisfactory.

A. I don't know; I haven't gone into it.

Q. You know some of that rock that is found up there is rather soft and crumbly?

A. I know if it is a soft mica rock it could not be used.

Q. And there is some such in the Bronx in this section?

A. Oh, I guess you will find such strata everywhere where you find rock.

Q. Have you ever had any experience in calculating the cost of the kind of terracing and retaining walls that you say would be necessary to place a 6-story apartment upon these Sedgwick Avenue lots?

34233

A. Yes, I have had occasion in many appraisals to go into that phase.

Q. Have you gone into it in the case of these particular lots?

The Master: I don't think that is the question in this case at all. The question is: Whether that section that the company has still on hand is at all useful to them for the gas business, and if it is not, whether it could be sold at a price?

Mr. Vilas: I am coming to that.

The Master: And if it could be sold at a price what it could be sold for. I don't think we should waste a great deal of time as to the kind of building that could be put up there. Senator Boylan has figured his value on what kind of improvement could be put there.

Mr. Vilas: And he states an improvement to be put there that would cost $8,000 or $10,000 simply to get something to put it on. That has something to do with the availability of the property.

34235

Mr. Chambers: He will give you the details of the kind of building he would put on there and what it would rent for, if you want it.

Q. Have you made an estimate of the cost of underpinning that would be necessary for an apartment house on these lots on Sedgwick Avenue?

A. I haven't made any special estimate, no.

Q. Can you give us approximate figure?

A. Why, I would not care to give an approximate figure, because, as I say, if the operation was carried on at both ends at the same time, Harlem River Terace and Sedgwick Avenue, you might be able to use the rock.

34236

Q. You are assuming they could use the rock?

A. I say it is possible.

Q. Is it not a fact that it would cost at least $8,000 a lot to underpin and support the apartment that you would propose to build on these lots?

A. I would not say so, no, sir.

The Master: If it cost as much as that would your values remain the same?

The Witness: If it cost as much as that, why, the cost of construction would be more, but the value for the land would be the same.

Q. That is to say, you would still retain your valuation of $1,500 a lot—I think that is what you put on these lots—

Mr. Chambers: No, it is not his valuation, it is the proportion that it bears to the whole plot.

Q. Well, your proportionate valuation, notwithstanding that it might cost $8,000 before you could get your apartment above the ground?

A. I would maintain the same unit for the land.

Q. Do you think you could produce a purchaser willing to pay those prices for that land? 34238

A. I think so, because the prices I have used are merely the assessed value of the land.

Q. Have you ever heard of anyone, or known of anyone who would offer to pay those prices for those lots as they stand?

A. These particular lots, no sir.

Q. Have you ever talked with any prospective purchaser of these particular lots?

A. No, I have not.

Mr. Chambers: You couldn't get any purchasers because the Gas Company owns it. If you will give it to him to sell—do you think you could get a customer, Senator?

The Witness: I will be very glad to try. 34239

Q. Will you produce a purchaser for these lots—

The Master: That doesn't get us anywhere.

Mr. Chambers: Turn it over to him and let him try.

Q. How many years have you been familiar with this plot, Mr. Boylan?

A. Oh, I have known it for a long time.

Q. As a matter of fact, it has been in the hands of brokers a great many times in the past years for sale, hasn't it?

A. Has it what?

34240 John J. Boylan, Cross.

Q. Been in the hands of brokers for sale?

A. Not that I know of.

Q. Haven't you known of its being offered time and again through various brokers for sale for almost any purpose?

A. No sir.

Q. You haven't known of that at all?

A. No, sir.

Q. Does this photograph, Defendants' Exhibit AA-194 show the plot that you have divided into lots, that you described in the last part of your testimony?

34241 A. Yes, sir.

Q. Concerning this parcel adjacent to the holder?

A. Yes, sir.

Q. That sloping property that is shown on that exhibit to the east of the holder, those are the 100 feet deep lots that you said would bring, on the basis of your valuation—parcels 2A, 3A, 4A and 6A—

The Master: Shown to the right on the photograph, Defendants' Exhibit AA194, to the right of the holder?

The Witness: Yes.

The Master: Now, which are the 2A lots?

The Witness: Right in here (indicating).

34242 Q. That would be on the portion of the lot that is almost perpendicular?

A. I would not say almost perpendicular.

Q. It is a steep slope, there, isn't it?

A. Yes, sir, a steep slope.

Q. How much space does that plan give between the holder and the boundaries of the plot that you have blocked off there?

A. About 75 feet.

Mr. Chambers: You are speaking now of the 60,000 square foot plot?

Mr. Vilas: Of the 60,000 square foot plot.

A. The nearest point would be about 75 feet, and widening from that to about 100 to 125 feet.

Q. The nearest point of the holder to the land of this 60,000 square foot plot there is about 75 feet?

A. About that, yes.

Q. Have you ever had occasion to consider in your real estate deals the desirability of building residences as near gas holders as 75 feet?

A. I have, yes, sir. On this particular plot I didn't say that I would build apartments. In fact, I have shown no apartments on this 60,000 square feet. I only show the apartment to the north.

Q. Is it your idea, then, that this 60,000 square foot area you show would be merely acquired by 34244 somebody for a dooryard?

A. Oh, no, it could be used for a commercial purpose, it could be used for a plant of some kind, it could be used for stores.

Q. What kind of a plant could be put on that sidehill?

A. You could put an ice plant on that.

Q. An ice plant?

A. An ice plant.

Q. Have you any idea of the initial cost that would have to be undertaken to put that lot in condition to build an ice plant or any other kind of plant on it?

A. It would have to be reduced. I have allowed 34245 in my figures, based on the assessed value, I have allowed for the reducing of the plot to grade. On the plot designated as 2A I have made a deduction of $500 per lot. On the parcel designated as 3A I have made a deduction of $800 per lot. On the parcel designated as 4A I have made a deduction of $1,000 a lot.

By Mr. Chambers:

Q. That is for grading?

A. For grading.

By Mr. Vilas:

Q. You say a deduction—you mean in the values you have assigned?

A. From the original unit to the final unit.

Q. Now, this interior plot that you have described which would be needed for light and air of the apartments on Sedgwick Avenue, lies on a lower level, near the Harlem River Terrace level, does it not?

A. Yes, sir, it is on the way down.

Q. Well, it is pretty nearly all the way down?

A. Yes, sir, it goes down.

34247 Q. As a matter of fact, if garages and similar buildings are erected along Harlem River Terrace and apartment houses were to be erected on Sedgwick Avenue, it would be a very difficult proposition to cut off their light and air under any circumstances, wouldn't it?

A. Why, it would on account of the garages, but it preserves the light and air there for all time. The natural slope of the land would give them an outlook which would add to its rentable value.

Q. The natural slope of the land would preserve their light and air for all time without any additional effort, would it not?

34248 A. Well, all things are possible, and we don't know what might come at some future time. Of course as it remained in the same ownership it would be all right.

Q. Anything that might be built on Harlem River Terrace for a long time to come would not interfere with the light and air of the Sedgwick Avenue property, would it?

A. Not if held in the same ownership.

Q. Do you consider the view of the Harlem River and the surrounding country there of sufficient value to warrant your placing any additional value on these lots on account of the view?

A. Well, I considered the element of value contributed by the view in the units.

Q. You have never had any experience, have you, in determining the amount of land reasonably necessary for the erection of holders and similar gas appliances?

A. No, sir.

Q. You don't know what consideration the Gas Company has to take into account in arriving at the quantity of land necessary to a holder or holder station like this, do you?

A. Nothing only from observation. 34250

Mr. Chambers: Some of them are built right on the street.

Q. You don't know what gas engineers and the officers of gas companies take into account in allowing an amount of ground that they consider necessary for a holder?

A. No, I don't know.

Mr. Chambers: What they take into account?

The Witness: What they take into consideration?

Q. You don't know how close gas engineers and officials of a gas company would permit a building or factory to be erected to a gas holder, do you? 34251

A. I don't know exactly, but I know over in my district, on the west side, the gas holders on 45th Street west of Eleventh Avenue, there are houses pretty near them.

Q. Well, you don't know how near, do you?

The Master: Yes, he does.

Mr. Chambers: How many feet, Senator?

The Master: The point is that these buildings were put up a great many years ago.

The Witness: They were, but this particular building I have in mind is owned by the Gas Company, and they rent it.

34252 John J. Boylan, Cross.

Q. It is a fact also, is it not, that on the lot you spoke of the holders are all set back into the lot? A. Yes, sir.

Q. They don't front right on the street?

A. No, sir.

Q. Now, Senator Boylan, when you were preparing the computations you testified to in regard to the 57th Street building, did you have any knowledge or any access to any similar computations that were made by the Gas Company?

A. I don't quite understand you. You mean as to
34253 the value of the building?

Q. No, as to the possibilities of the use of the lot.

The Master: Did you have access to their figures?

The Witness: No, sir.

Q. Did you know that they had made any figures on that?

A. No, sir.

Q. I refer not only to any figures you have given with respect to hiring other buildings in that neighborhood, but to construct a building such as you have described. You were aware when you made these
34254 computations that the Gas Company officials had also had figures on the same sort of proposition?

A. No, sir.

Q. You don't know what those figures showed?

A. No, sir.

Q. And you don't know that the officers of the Gas Company went into that in 1906, and made various computations as to the best sort of building to be erected there, and the use to be made of it?

A. I don't know that, no, sir.

Q. You don't know that the officials of the company after going into it decided upon the building which was ultimately erected and now stands there?

The Master: How should Senator Boylan know that?

A. No, sir.

The Master: I take it that his testimony is to the effect that he had in mind that if there was necessity for a building of that character he would not have put it on an expensive street like 57th Street, but would have found space somewhere else, isn't that it?

The Witness: Yes, sir.

Mr. Vilas: He has also testified that they could have erected a 50-foot building and permitted our customers to circulate from the 6th to the 12th or 15th story. 34256

The Witness: That is not right. That is not in the record, is it?

The Master: That is his argument.

Q. Did you consider, when you testified that a 50-foot building could have been erected there and the balance of the plot used for something else, the desirability of having a display room for lighting fixtures there on the ground floor of the building?

A. I did, yes, sir.

Q. And did you consider the desirability, from a business point of view on the part of the Gas Company, of having their display rooms and their offices for the collection of moneys, etc., easily accessible to the public? 34257

A. I had that in mind, yes, sir.

Q. Did you consider that those things could be obtained as easily with the use of a 50-foot plot and a high building as with a building such as is now on the plot, occupying the entire frontage and offering ground floor space?

A. I think it could be done as an economic proposition much more advantageously, and give the com-

pany the balance of the plot, 70 feet, to erect or sell or do anything they desired.

Q. Well, did you make any computations or figures as to the desirability of this space for the display of appliances and the like as compared with its best rental value for other purposes?

A. Why, I have not constructed such a building, but I could do it.

Q. Well, I don't think that answers my question exactly.

A. Well, I will try to answer it.

34259 Q. You haven't made any figures to enable you to compare the value of the use of the building as it now is with the value of the use which you suggest could be made of it by a 50-foot building?

A. Well, I did not for this reason, that I know right away that just taking the basis that I put my figures in, the ground floor space at $8 a square foot, now immediately that you take a 50-foot building you have 70 feet remaining, which would give you approximately, say about between 5,500 and 6,000 square feet of rentable space that you could rent at $8 a square foot, and that immediately comes to my mind. Now, in the building as it is covering the en-

34260 tire plot, why, you have got to figure $8 a square foot for the entire store floor. Now, in my opinion, you do not need to have all that valuable space for the exhibitions. You could get as much space as you want—

Q. Right there, you don't know—

The Master: Let the witness finish his answer.

A. (Continuing.) You could get, to my mind, all the exhibition space you wanted if you built deeper, say you went back 70 or 75 feet, and went up, because you immediately get away from the high and costly space of the store floor to the less expensive space of the other floors. According to the figures

that I have given in answer to the Master's question, I have said that the upper floors, the space would be worth about $2 a square foot. Well, now, at $8 a square foot for the store floor and $2 a square foot the other floors, you save at once $6 a square foot.

Q. Well, you don't know, as a matter of fact, what the Gas Company figures is the value of its advertising space or the value of that property to it as an advertising medium, promoting medium, do you?

A. As an advertising medium, I do not, but I do not consider that the Gas Company needs to advertise. 34262
We have to go to the Gas Company, they don't have to come to us. We can't get away from them, they have no competitors, and if you want gas, you have to go to them.

Q. That is a matter of your judgment against the judgment of the officers of the Gas Company, isn't it?

The Master: As to the advisability of advertising.

Mr. Vilas: The advisability of advertising, yes.

Mr. Chambers: You don't have to advertise a monopoly? 34263

The Witness: Absolutely not.

Mr. Vilas: Your own witness said the other thing only Saturday.

Mr. Chambers: The subway doesn't have to advertise rides. People have got to ride on them, we have to take their wares.

The Witness: Yes, we have to take the subway.

By the Master:

Q. What difference would there have been in 1916 in the price of 120 feet of land on one of the other streets that you have mentioned, as compared with

57th Street? Of course the building would have cost the same thing in construction, but what difference would it have made in the land value?

A. Why, for instance, you could have taken, these lots here average about at the rate of $75,000 a lot, and you go into 56th Street or 55th Street, between the same blocks, and have got land for about $55,000 a lot; you could have gone into 54th Street and got land for about $50,000 a lot.

Mr. Chambers: That is about $20,000 or $25,000 a lot less?

34265 Mr. Vilas: You are speaking of 1916 now?

The Witness: Yes.

Q. You think one-third could have been saved on the value of the land, or the cost of the land?

A. I think so.

Q. In other words, instead of $400,000 on that basis, it would have been nearer $300,000?

A. Yes, sir.

Q. They could have gotten all the land they needed?

A. Yes, sir.

Q. So that your testimony in substance is that leaving out of consideration the advisability of putting up a small building anywhere, that they wasted about

34266 a hundred thousand dollars in buying on 57th Street?

A. Yes, sir, if they wanted to go into that neighborhood, yes, sir.

Q. Going on 57th Street?

A. Yes.

Q. So the question comes down as to whether it was worth a hundred thousand dollars to this company for the purpose of holding their gas sales and publicity and advertising, to go on 57th Street rather than somewhere else?

Mr. Chambers: And they have not only the initial investment, but they have to carry that additional expense year after year.

The Master: Yes, and take a hundred thousand dollars spread over 18,000,000,000 cubic feet of gas a year, and it is not much.

By Mr. Vilas:

Q. These other streets where you said property could be acquired at less cost, are not streets of the present importance of 57th Street, are they?

A. No, they are not.

Q. 57th Street is becoming a retail business street?

A. Yes, such as I stated in answer to the Master's question.

Q. And these other streets that you have men- 34268
tioned—

A. They are coming into business too. They are not as good as 57th Street.

By the Master:

Q. They are not thoroughfares, not through streets like 57th Street?

A. No.

Q. They are not as wide?

A. No.

Q. 57th Street is about what width, 80 or 100 feet?

A. 100 feet.

Q. And the other streets are about 60? 34269

A. About 60.

By Mr. Vilas:

Q. It is a matter of development of the retail business?

A. Yes.

Re-direct examination by Mr. Chambers:

Q. When you spoke of this grade here on this plot to the north of the line that you have described, speaking now of the lot up at Sedgwick Avenue, you said that the grade descended about 100 feet. You mean the grade descended for a distance of 100 feet not the depth was 100 feet, but the length of which the grade descended was 100 feet?

34270 William Huehn, Jr., Direct

A. What I have in mind was the difference in elevation between Sedgwick Avenue and Harlem River Terrace.

By Mr. Vilas:

Q. That is a drop of 100 feet, isn't it?

A. Yes, between both points.

Mr. Vilas: That is what I had in mind, too.

By the Master:

Q. There is a gradual slope, rather more abrupt from Sedgwick Avenue down for a distance than later on, and the slope is more or less gradual from
34271 Sedgwick Avenue and Harlem River Terrace, the peak being at Sedgwick Avenue, 100 feet above Harlem River Terrace?

A. Yes, sir.

Q. And from about here you have indicated the grade of the slope from section to section?

A. Yes, sir.

WILLIAM HUEHN, Jr., a witness called on behalf of the defendants, being first duly sworn, was examined and testified as follows:

34272 DIRECT-EXAMINATION BY MR. CLARK:

Q. Where are you employed?

A. County clerk's office, New York County.

Q. Did you produce under subpoena certain original orders from the county clerk's office which I now hand you?

A. I have.

Mr. Clark: I offer in evidence first original order dated December 30, 1911, in the action entitled, "People of the State of New York *ex rel.* Consolidated Gas Company of New York,

Relator, against Commissioner of Taxes and Assessments of the City of New York, Defendants." 34273

Mr. Goetz: We object to this on the ground it is incompetent, irrelevant, immaterial, and on the further ground that these orders of the Court are intended, and evidently offered in impeachment of the testimony given by the witnesses called by the defendants as to the values or assessments placed upon the particular parcels of property.

Mr. Clark: They are not offered as an impeachment of anything.

Mr. Goetz: That is the effect of it, that it is 34274
the cancellation of an assessment.

Mr. Clark: On the ground that it was a duplicate assessment.

The Master: I will receive it.

Mr. Clark: The same property is assessed in this tax as was assessed in the Franchise Tax.

The Master: It will be received in evidence as an exhibit number, but need not be marked

Mr. Goetz: Exception.

Received as Defendants' Exhibit AA262.

Mr. Clark: I offer in evidence original order entered at a Special Term of the Supreme Court, Part II, June 7, 1912, in the case entitled, "Peo- 34275
ple of the State of New York, *ex rel.* Consolidated Gas Company of New York, relator, against Commissioners of Taxes and Assessments of the City of New York, defendants." The order relates to the cancelling of assessments on mains, pipes and connections in the Borough of Manhattan and Bronx for the year 1906.

Mr. Goetz: Same objection.

Received as Defendants' Exhibit AA263.

Mr. Clark: I offer in evidence order of the Supreme Court, dated June 7, 1912, of the Special Term of the Supreme Court, Part II, in

34276

the case of People of the State of New York, *ex rel.* Consolidated Gas Company of New York, relator, against Commissioners of Taxes and Assessments of the City of New York, entitled "Order cancelling assessments on mains, pipes, connections and so forth, Boroughs of Manhattan and Bronx, 1907."

Received in evidence as Defendants' Exhibit AA264.

Mr. Clark: I also offer a similar order dated June 7, 1912, in the case entitled "People of the State of New York *ex rel.* Consolidated Gas
34277 Company of New York, relator, against Commissioners of Taxes and Assessments of the City of New York, defendants," entitled, "Order cancelling assessments on mains, pipes, connections and so forth, Boroughs of Manhattan and Bronx, 1908."

Received as Defendants' Exhibit AA265.

Mr. Clark: I also offer an order dated June 7, 1912, in the case entitled, "People of the State of New York *ex rel.* Consolidated Gas Company of New York, relator, against Commissioners of Taxes and Assessments of the City of New York," entitled, "Order cancelling assessments
34278 on mains, pipes, connections and so forth, Boroughs of Manhattan and Bronx, 1909."

Received in evidence as Defendants' Exhibit AA266.

Mr. Clark: I also offer in evidence order dated June 7, 1912, in the case entitled, "People of the State of New York *ex rel.* Consolidated Gas Company of New York, relator, against Commissioners of Taxes and Assessments of the City of New York," the order being entitled, "Order cancelling assessments on mains, pipes, connections and so forth, Boroughs of Manhattan and Bronx, 1910."

34279

Received in evidence as Defendants' Exhibit AA267.

Mr. Clark: I also offer in evidence order dated June 25, 1915, in the case entitled, "People of the State of New York *ex rel.* Consolidated Gas Company of New York, relator, against Commissioners of Taxes and Assessments of the City of New York, defendants," the order being entitled, "Order cancelling and confirming assessments on mains, pipes and connections and so forth, Boroughs of Manhattan and Bronx, 1911."

Received in evidence as Defendants' Exhibit AA268. 34280

Mr. Clark: I also offer in evidence order dated June 25, 1915, entered in the case of People of the State of New York *ex rel.* Consolidated Gas Company of New York, relator, against Commissioners of Taxes and Assessments of the City of New York, defendants, the order being entitled, "Order cancelling, revising and confirming assessments on mains, pipes, connections, and so forth, Boroughs of Manhattan and Bronx, 1912."

Received in evidence as Defendants' Exhibit AA269. 34281

Mr. Clark: In connection with each of these orders I also offer the stipulation which is attached to each order, and on which each order was entered.

Received in evidence as Defendants' Exhibit AA270.

Mr. Vilas: If the Court please, it is understood that there is an objection on the part of the complainant to each and every of the documents offered by Mr. Clark.

The Master: Yes, objection overruled.

Mr. Vilas: Exception.

34282

The Master: We are back in a way, where we were this morning. I cannot expect Mr. O'Brien to go forward with his case.

Mr Chambers: I have got the doctor's certificate now.

The Master: I told you I would not take his default.

Mr. Chambers: Yes; and you said you would take my word for it.

The Master: I cannot expect Mr. O'Brien to go forward with his case. He is sick. I can expect, however, Major Clark to go forward with his case.

34283

Mr. Chambers: That would not be fair on some phases of it.

The Master: Why?

Mr. Chambers: Because I think the defendants are all entitled to be present.

Mr. Goetz: They have not been present, that is the point.

The Master: I shall expect the Public Service Commission to go forward with its proof.

Mr. Chambers: In the absence of defendants' counsel—in the absence of Mr. O'Brien?

The Master: Yes. I do not see how he possibly could be injured.

34284

Mr. Chambers: I do. I think he is entitled to be here. I take an exception to it. He is entitled to be present. He represents a defendant.

The Master: Yes, I will make that ruling. I will require the other defendants to go forward with their proof. When can you have some more to go forward with?

Mr. Chambers: Mr. Hine, I sent him home sick. Will you take my word for it that he is sick?

34285

The Master: Certainly.

Mr. Chambers: Very sick. I would like to adjourn until two o'clock tomorrow, when I have some witnesses subpoenaed.

Mr. Vilas: Can't you go tomorrow?

Mr. Chambers: Tomorrow at two o'clock, yes.

The Master: Why can't we have some more proof put in this afternoon?

Mr. Clark: I have not got it ready.

The Master: Why not?

Mr. Clark: It is not ready, that is all I can say. Dr. Weber has not got it ready. 34286

Mr. Goetz: I predict that the matter Dr. Weber wants to put in he won't have ready two months from now.

The Master: Then I predict it will never get in. The trouble is I cannot prevent illness and I cannot prevent that situation.

Mr. Goetz: We all have that same situation, everyone of us.

The Master: What other proof have you got besides Dr. Weber's statements?

Mr. Clark: That is all I have.

The Master: That is all you are going to have? 34287

Mr. Clark: Yes.

Mr. Chambers: No, you have a number of witnesses—Weber, Frank.

Mr. Goetz: Major Clark ought to state upon the record when those things will be ready.

The Master: What have you still to put in?

Mr. Chambers: I have a number of witnesses —Senator Boylan, Mr. Hine.

The Master: Who else?

Mr. Chambers: Mr. Maltbie.

The Master: All right, call Mr. Maltbie now. He is in court.

34288

Mr. Chambers: He is not ready yet.

The Master: Why?

Mr. Chambers: Because in the chronological order it is not time to put it in and he has not completed his work. He has worked Sundays and nights.

The Master: When will it be completed?

Mr. Chambers: Thursday.

The Master: I do not think you are treating the court fairly in this matter.

Mr. Chambers: I have witnesses subpoenaed for tomorrow.

34289 The Master: I do not think you are trying to help me finish this case at all.

Mr. Chambers: I have witnesses subpoenaed here for two o'clock to-morrow.

Mr. Clark: If your Honor please, Judge Ransom broke it up Saturday.

Mr. Goetz: No, he did not break it up.

Mr. Clark: I had two witnesses ready for cross-examination.

Mr. Chambers: Then we were expecting Mr. Little's assistant was going to go on today—Mr. Sangster. Mr. Hine was to go on today.

Mr Goetz: Can't Mr. Sangster go on?

34290 Mr. Chambers: Mr. O'Brien is not here. Does the Court want to compel somebody to go on when his counsel is sick?

The Master: I will not compel Mr. O'Brien to go on with any of his witnesses. What I want to do is before Mr. Clark gets sick to get his proof in, and before Mr. Chambers gets sick to get his proof in, and before I get sick to get it all in. I know with a little exertion a good deal of matter could be put in that is not going in.

Mr. Goetz: Dr. Weber's matters won't be ready, no matter who is sick or who is well—won't

34291

be ready for two months. We are ready to go ahead with the cross-examination of Dr. Weber.

Mr. Vilas: We will make more progress if they get Mr. Gottlieb over here. I will cross-examine him without the books and without my working papers.

The Master: You can be ready with your testimony Wednesday, can't you?

Mr. Chambers: Probably Wednesday afternoon, with Mr. Maltbie.

The Master: I will adjourn until ten o'clock on Wednesday morning, then, and if you can be ready to cross-examine these various witnesses I 34292
will have cross-examination.

Mr. Vilas: Why can't we go on tomorrow with cross-examination? Mr. Chambers has witnesses subpoenaed for tomorrow.

Mr. Chambers: That is in the afternoon but it will take only a short time.

Mr. Goetz: I think in view of this situation, if we can get a start with any of these witnesses' testimony we ought to make a start. We have spent nine months on this case.

Mr. Vilas: Let us go on tomorrow. Mr. O'Brien may be down tomorrow and we may be able to go on with Mr. Little. 34293

Mr. Chambers: No, he is sick.

Mr. Vilas: He may be ready to go on tomorrow.

Mr. Chambers: You state squarely on the record, do you, Mr. Goetz, Mr. Vilas and Mr. Carter, that you want to go on, even though counsel is sick in the case? You put that on the record like that: that is your idea of trying a lawsuit?

Mr. Goetz: I put it on the record that I am willing to go on even while Mr. Ransom is sick in bed.

34294

Mr. Chambers: And you are willing to go on even though Mr. O'Brien is sick in bed—one of the counsel for the defendants?

The Master: I am directing counsel for the Public Service Commission and for the State to proceed to put in their proofs, that I do not believe it is necessary for Mr. O'Brien to be here for that purpose.

Mr. Chambers: I think it is fair for Mr. Carter and his two assistants to state whether they press this case on when counsel is sick in bed. I just want to have the atmosphere and the

34295 attitude.

The Master: I will not press the examination on the testimony that is in, or direct the District Attorney to proceed, until Mr. O'Brien is in shape to come.

Mr. Chambers: I want them to state on the record—you stated on the record, and it is in the record, that if any counsel was sick you would stop the trial.

The Master: I did not say that.

Mr. Chambers: Yes, you did, speaking to Mr. O'Brien. You said that a long time ago.

The Master: Certainly, but I do not think

34296 that all of us should sit around and mark time.

Mr. Chambers: I do in an important case like this.

The Master: While you have been putting in your proofs Mr. O'Brien has not been here at all, day after day, and the record will note my statement—that day after day when the testimony has been put in by one defendant, particularly when testimony has been put in by the Public Service Commission, I state Mr. O'Brien has found no necessity for being here at all, and there was no necessity of his being here.

34297

Mr. Chambers: I cannot subscribe to that. I am willing to have it stated on the record, the attitude of the counsel for the other side.

The Master: I do not think that is material.

Mr. Chambers: I do. I represent a defendant here. I do, and want to find out how they are pressing the case on. I have a right to find out what counsel is intending to do and what they propose to make us do. I have that right. I have a doctor's certificate of a counsel who has taken an important part in this trial. If they insist on pressing it on when the counsel is sick I will have that statement on the record.

34298

The Master: Adjourned to tomorrow morning at 9:30. I direct counsel for the Attorney General and counsel for the Public Service Commission to proceed with their proof.

Mr. Chambers: I take an exception, and ask that the trial be adjourned until Mr. O'Brien can be present.

Adjourned to Tuesday, January 27, 1920, at 9:30 A. M.

Last Complainant's Exhibit 451.
Last Defendants' Exhibit AA-261.

34299

CONSOLIDATED GAS COMPANY OF NEW YORK vs. NEWTON, ETC., *et al.*, 34303

Before ABRAHAM S. GILBERT, Special Master.

NEW YORK, January 27, 1920.

Met pursuant to adjournment.

Present: MR. VILAS and MR. GOETZ, of Counsel for Complainant.
MR. CHAMBERS, of Counsel for defendant Newton.
MR. HAYWARD, MR. CLARK and MR. NEUMANN, of Counsel for Public Service Commission. 34304

LOUIS GOTTLIEB, recalled:

CROSS-EXAMINATION BY MR. VILAS:

Q. This Exhibit AA256, that you call Schedule 41, do you offer that as a copy of the books of the company, book entries?

A. The skeleton is an outline of Dr. Welser's. The figures are taken from the books. 34305

Q. Dr. Welser gave you the outline with the questions contained in the first column?

A. In a general way, yes.

Q. In a general way, and the facts you filled in, the amount, from what you found on the books of the company, is that right?

A. Yes.

Q. You did not exercise any discretion as to what you should do with the entries you found on the books?

A. Not to the best of my recollection.

Q. If there were any entries as to which you had any doubt as to their classification or the propriety of carrying them as you carry them here, did you use any discretion in the matter or did you just put the figures down as they were on the books?

A. I believe I consulted with Mr. Davidson where there was any doubt.

35307 Q. With respect to what?

A. With respect to the class of tax.

Q. You have a number of footnotes on this and your other exhibits?

A. Yes.

Q. Is the information contained in these footnotes information that you found upon the books of the company, or does it represent conclusions of your own?

A. From the books of the company.

Q. On this exhibit under the letter "D" we find a column headed, "Charges for Taxes Paid," etc., and then the last item before the first line is drawn is

34308 called, "Interest on Unpaid Taxes." For the years 1886 to 1912, both inclusive, you do not show any item, any amount under that heading, but in 1913, you show as interest on unpaid taxes, $707,652.53. Do you mean us to infer from what you show on this exhibit that the company paid that much money in that year as interest on unpaid taxes?

A. I believe so, yes.

Q. You believe that is the fact, do you?

A. Yes, sir.

Q. Have you got your working papers from which you can refresh your recollection and tell us if that is what the books show?

A. Yes, the books show that. Do I understand your question, that this is a payment, or that these are charged for taxes paid as debits to accrued taxes?

Q. I asked you if we are to infer from what is shown there that the company paid that much that year?

A. No, I would say that was a debit to the charge of taxes accrued.

Q. You entitled this column, "Charges for Unpaid Taxes, etc."

A. "Etc." means debit. We have credits to the account and debits to the account. 34310

Q. Where does that indicate any credits, the heading that I just read to you, "Charges for Taxes Paid, etc."?

A. "Etc." indicates everything that goes on the debit side of taxes accrued.

Q. In other words, the entries here are all debits?

A. Yes, the entries are all debits.

Q. But the inference to be drawn from the caption of the column is that the amounts there shown were taxes paid?

A. The title is, "Charges to the Account of Taxes Accrued," charges for taxes paid, charges for items transferred, etc. 34311

Q. Can you tell us what this amount of $707,652.53 is? Is it for taxes paid or interest paid, or for some correction entry on the books?

A. I cannot tell from my working papers.

Q. Now, Mr. Gottlieb, I call your attention to the operating journal for 1913, page 493, Entry No. 1274. Have you seen this entry, did you consult it in making up your exhibit?

A. I believe so, yes.

Q. And that entry reads: "Accrued Taxes to Accrued Interest on Unpaid Taxes," transferring to the

account the amount of accrued interest on unpaid taxes included in the former account as of December 31, 1913. Does that now refresh your recollection as to the meaning of this item of $707,652.53?

A. I believe it does. I believe in 1914 the company set up an account, "Interest on Unpaid Taxes," and transferred all the interest accrued from 1906 to 1913, inclusive to that new account, and therefore charged the taxes accrued account with that amount.

Q. In other words, this amount of $707,652.53 represents the accumulation of interest on unpaid taxes
34313 previously carried in the tax account?

A. I believe so, yes.

Q. And by this entry was transferred to a new account, and this is therefore merely a bookkeeping entry?

A. It is a charge to the taxes accrued account as it stands here.

Q. But it does not mean that the company in that year paid that much interest or accrued that much interest?

A. I do not believe the title was intended to read that way.

Q. Then take the next line which you entitle, "Total Payments," in which for 1913 the item which you
34314 call—the next line but one—which you call "Total Payments" is $1,279,295.41. That total is made up in part of the $707,652.53 concerning which I was asking you, isn't it?

A. Yes.

Q. So that in so far as it includes that item of $707,652.53, this total which I have read as a total payment is not a correct statement, is it?

A. No.

The Master: Why, as an economist, did you put it up that way?

The Witness: An oversight.

The Master: Well, there is too much economists here in your office. There has not been a table presented by the Public Service Commission forces that has been reliable, not one.

Mr. Clark: It is a matter of title.

The Master: Well, I know.

Mr. Vilas: It is misleading to the extent of half a million dollars.

The Master: They have been misleading, careless and inaccurate. A big department like that, spending all the money it does, ought to have 34316
capable men, capable of doing this work accurately.

Q. Take the same item for 1915, amounting to $13,419.94, that is the only other item on this particular table which refers to interest on unpaid taxes, is it not?

A. Yes.

Q. I call your attention to the operating journal for 1915, November Entry, No. 1083, which reads as follows: "Sundries to Sundries, Reversing Entry No. 386, Recorded in Folio No. 158, April, 1915 Journal, wherein the amount charged to Non-Operating Revenue Deductions, Taxes and Interest on Unpaid Taxes, 34317
were reversed on the credit side. Corrected Entry follows." Then follow the several items, the last being interest on unpaid taxes, $13,419.94. That is the item which you show upon your table as interest on unpaid taxes, is it not?

A. Yes.

Q. And the total of the column in which it appears, $2,518,367.78, includes this item of $13,419.94, does it?

A. Yes.

34318 Louis Gottlieb, Cross.

Q. So that to call that amount of $2,518,367.78 a total payment is inaccurate, is it not?

A. Yes.

Q. That item of $13,419.94 being an adjustment item, and not a payment—is that right?

A. Yes.

Q. Now, take Exhibit AA254, your Exhibit X, where did you get the information that you set forth on this page?

A. Statement on file.

Q. Statement on file where?

34319 A. Consolidated Gas Company.

Q. What kind of a statement?

A. A typewritten statement in connection with the "Referred to in Journal."

Q. You call it an analysis of miscellaneous income as reported to the Comptroller. Is that what this statement purported to be a copy of?

A. That is my recollection.

Q. And this was given to you by—

A. Mr. Davidson.

Q. Did you verify the figures by reference to the books, or did you merely copy the table?

A. I merely copied the table.

34320 Q. Is this the document that you used in connection with this table?

A. Yes.

Q. Now, I notice that the last column headed, "Total from Exhibit X," you carry a credit of $107,417.09 as a residual and by-product revenue. That item appears likewise in the table and in the supporting sheets which you examined, does it not?

A. Yes.

Q. And at the end of the paper which you say you used in getting up this table this same amount of $107,417.09 is put back into the account, added again to the total, is it not?

A. Yes.

Q. Why did you omit that when you made up your table?

A. On page 2 you find this item separately listed.

Q. Yes?

A. You find $1,563,501.38 over here.

Q. What is that item, why do you call attention to that item?

A. That is the way it appears on that statement on file.

Q. I show you the last page of this statement and ask you if the total shown is not increased by that amount? 34322

A. Yes, it is.

Q. What is your answer?

A. Yes.

Q. Why didn't you show that on your table?

A. It is increased thereto.

Q. On your table?

A. Yes, Exhibit IX shows that.

Q. I am talking about Exhibit X.

A. Exhibit X purports to give an analysis of the $1,563,501.38 item given on page 1 of that statement on file.

Q. You only attempt to analyze page 1 of this statement, you did not go further and investigate the reason for this credit? 34323

A. No.

Q. And you didn't look into the journal of other books of account for the credit, did you?

A. No, I did not.

Q. And you did not examine the succeeding sheets?

A. I did, for the $1,563,501.38.

Q. And when you found that on the last sheet you found also that this residual and by-product rev-

enue of $107,417.09 had been added to that to show the total?

A. Yes.

Q. And why didn't you show it on your table?

A. Because it is shown on Exhibit IX to arrive at the total. I was interested in the total of gross earnings reported to the Comptroller, and Exhibit X is merely the working paper of one item $1,563,501.38.

Q. Will you again show me where on Exhibit IX your credit of $107,417.09 is properly taken care of?

A. The third last line.

34325 Mr. Chambers: On what page?

The Witness: Page 8 of Exhibit IX.

Q. So that on Exhibit IX you add in this credit of $107,417.09, and also the residuals sold as $131,879.67, is that right?

A. Yes.

Q. Producing the toal which corresponds to the total on the paper that I have shown you?

A. Yes.

Mr. Chambers: You do not mean Exhibit IX, you mean page 8 of Exhibit AA254.

Mr. Vilas: Well, he calls it Exhibit IX.

Mr. Chambers: Well, now, it will all be mixed

34326 up in the record.

Mr. Vilas: I quite agree with you.

Mr. Chambers: You mean page 8 of Exhibit AA254?

The Witness: Yes.

Q. Which you have headed Exhibit IX?

A. Yes.

Mr. Chambers: Simply that page is marked IX.

Q. And the next page does not purport to be complete analysis of this account, but an analysis of one of the items?

A. It reads, "Analysis of Miscellaneous Income as Reported to the Comptroller."

Q. The total reported to the Comptroller by the company as per this document which you show me, which you say you used, is $1,802,798.16, is it not, for this item?

A. Yes.

Q. While in your purported analysis of it in Exhibit AA254, page IX, you report the total as reported, $1,563,501.38?

A. That is true, but I take care of it in a line below, Exhibit IX, less residual by-product revenue, 34328
$107,417.09.

Q. Now I am talking about Exhibit X, where you purport to show an analysis of miscellaneous income as reported. Now, your analysis does not show these credits, and does not show the same total that is found in the report, does it?

A. If you look at Exhibit IX, miscellaneous income, you will find in parenthesis, "See details of next sheet." Exhibit X gives an analysis of merely $1,563,501.38, and nothing else.

Q. But the heading which you have on your Exhibit X on page 9 of this exhibit is "Analysis of Miscellaneous Income as Reported to the Comptroller in 34329
connection with Gross Earnings Tax"?

Mr. Clark: I object to consideration of this. On page VIII it says, "Miscellaneous Income, see details on next sheet."

Q. And the totals are not correct, in accordance with the report?

A. I beg to say that on page 1 of the journal reference you find miscellaneous income $1,563,501.38, and so it is headed in these exhibits.

Q. Well, what is it headed in the—or what is the amount in the report to the State Comptroller for that item?

34330 Louis Gottlieb, Cross.

A. $1,563,501.38.

Q. And what do you find it on page 2 of your supporting documents, after the proper credits have been made, headed, "Detail of Miscellaneous Income Year Ending October 31, 1918," what is the total in your report?

A. $1,802,798.16. It is merely a combination of three items.

Q. Now, take the last blueprint page in Exhibit AA254.

The Master: How is it headed?

34331 Mr. Vilas: Headed, "Consolidated Gas Company Tax Payments and Assessments 1918 included."

Q. And referring particularly to Notes A and B, at the foot of that page, which refer to the gross earnings tax and the excess dividends tax to the state as shown in the table, I show you Vouchers No. 411 and No. 18,265. After examining those do you still say that the information set forth in your Notes A and B correctly states the fact?

A. The item—

The Master: Does it correctly state the facts?

A. I do not believe so.

34332 Q. In other words, your Note A, referring to the gross earnings tax, states: "Paid in December, 1918, Applicable to Year November 1, 1917, to October 31, 1918."

A. It should read "Charged to the Account," not "paid."

Q. In other words, it was charged in December, 1918, and paid in January, 1919?

A. Yes.

Q. As shown by the Voucher No. 99,548; and Note B, saying as to the excess dividends tax, "Paid in January, 1918, Applicable to Year November 1, 1916,

to October 31, 1917," was as a matter of fact paid by Voucher 411, January 17, 1918.

Mr. Chambers: I submit he doesn't know when it was paid.

Mr. Vilas: Well, that is what the voucher shows, does it not?

Mr. Chambers: Well, it shows what it shows.

The Master: Objection overruled.

Q. That is what appears from the voucher?

A. Yes. If I remember rightly, that amount was vouchered, not paid, in December.

Q. In other words, you took the book entries without referring to the paid vouchers? 34334

A. Well, this 117 has been debited to the account, $117,290 has been debited to the account "Taxes Accrued," and so it was deductible. It had not been actually paid until the January following.

Q. Now, I refer to Note "E" on the same page of this exhibit, in which you say, "This total of tax payments differs from that given in the company's annual report to the Commission by $207,105.75, consisting of $117,270.90 on account of gross earnings tax and $89,834.35 on account of excess dividends tax, which applied to the year ending October 31, 1919, and which, following the practice of previous 34335 years, should have been paid in January, 1919. As these items stand, it means that the company paid two years' taxes in one year." In view of your answers to the preceding questions, and of the vouchers which I showed you, that statement is now incorrect, is it not?

A. It should read, "It means that the company debited the account Accrued Taxes with two years' taxes, gross earnings"—

The Master: The statement as it appears is not correct, is it, Mr. Gottlieb?

The Witness: No.

Mr. Chambers: Not in accordance with that voucher. He may have some other explanation for it.

Q. Now, take Exhibit AA—

The Master: Major Clark can bring that out on re-direct, if he has.

Q. Take Exhibit AA255, the third sheet, and give me the total amount of tax payments that you show for 1915?

A. $368,023.71 plus—

34337 Q. That is total real estate: I want the grand total?

A. $2,504,764.84.

Q. That is the aggregate amount, is it, aggregate total?

A. Yes.

Q. Now, referring to Exhibit AA256 for the same year, give me your total payments?

The Master: For taxes?

Mr. Vilas: Yes, total payments for taxes.

The Master: 1915?

Mr. Vilas: For 1915.

The Witness: $2,518,367.78.

34338 Q. Now, how do you account for the difference of about fourteen odd thousand dollars between the two totals and those two exhibits?

A. $13,419.94 interest on unpaid taxes represents a reversing entry.

Q. That is the item that we spoke of formerly as wrongly appearing in the line "Payments"?

A. Deduct that from $2,518,367.78, and I believe you will get $2,504,764.84.

Q. There is still a difference, isn't there?

A. Yes, sir.

Q. How much difference?

A. $183. I think that is explained in one of the footnotes. Footnote M on Exhibit 256.

The Master: What does it say?

The Witness: A bill for $183 was paid twice and a credit for the same amount appears therefor in accrued taxes.

Q. Therefore your total in Exhibit AA255 or 256, one of the two, should be corrected to conform to the facts, shouldn't it?

Mr. Chambers: No, it should not be; the note explains it. 34340

The Master: Who is testifying?

Mr. Chambers: What?

The Master: Who is answering the question?

Mr. Chambers: Well, I object on the ground stated, that the note explains.

The Master: Objection overruled.

Mr. Chambers: Exception.

The Witness: I believe if that amount is taken, considering the footnote, I believe it figures all right.

Q. In other words, notwithstanding that the two totals in each exhibit, in the two exhibits purporting to show the taxes paid, differ in amount some $13,000 34341 you think that each of the two tables correctly states the facts?

A. Yes.

Q. If you take the last sheet of Exhibit AA255, containing the notes, and look at Notes A and B, these notes read the same as the notes appearing on Exhibit AA254 to which we have already referred, and contain the same errors, do they not?

A. I would not call them errors.

Q. They do not state the fact, do they?

A. The vouchers are not paid.

Q. What?

A. The vouchers had not been paid.

Q. They had not been paid in December, 1918, and in January, 1918, as stated in the notes.

A. It was paid in January, 1918, yes, that is perfectly true, but the December item was not paid. The January, 1918, voucher was paid in January, 1918.

Q. Referring once more to Exhibit AA254, the first sheet, where did you obtain the information shown in the notes, particularly in Note (a)?

The Master: What does Note (a) say?

34343 Mr. Vilas: Note (a) says with reference to an item of $2,950, "Block 716, Lot 14, Taxes paid by tenants."

A. I believe I got that from the statement on file.

Q. The statement furnished you by Mr. Davidson?

A. I believe so.

Q. Is this paper which I show you now the paper from which you got that information (handing witness)?

A. It looks like it, yes.

Q. You say it is?

34344 The Master: He said it looks like it. It probably is.

Mr. Chambers: Well, is it the paper?

The Witness: I believe it is.

Mr. Chambers: I am asking Mr. Vilas.

Mr. Vilas: Yes, I will say it is.

The Master: Well, the witness says he thinks it is.

Q. Drawing your attention to an item of $2,950, shown at the bottom of this sheet, that shows, does it not, "Manhattan, Block 715, Lot 59, J. J. Riordan, Inc.," as having been billed for these taxes?

A. Yes, sir.

Q. In view of that fact your statement as to Note A "Block 716, Lot 14," is not correct, is it?

Mr. Chambers: I object to that. It does not in any way conform to this paper and it does not signify it is incorrect.

A. My answer is I got it from some other source. It is on another page.

By the Master:

Q. Of this paper?

A. I do not remember where I got the information particularly from.

Q. What is the amount, do you say? 34346

A. It is Block 716, Lot 14 here, and there it is Block 715, Lot 59.

Q. Both in the same amount?

A. The same amount.

Q. $2,950?

A. Yes. I perhaps got that from a different source.

By Mr. Vilas:

Q. From what sources did you get information for that note?

A. Mr. Davidson from time to time furnished me information.

Q. Mr. Davidson furnished you this table, did he not? 34347

A. He also furnished me oral information.

Q. Did he furnish you any oral information as to what lot and block this tax was charged to in some previous year?

A. I don't remember.

Q. Isn't it a fact that you got most of the information for making up this table out of the statement or table that the Master is now looking at?

Mr. Chambers: I object. He stated that Mr. Davidson furnished him some oral information and may have furnished this very information.

34348 Louis Gottlieb, Cross.

The Master: I will allow it.

Mr. Chambers: Exception.

A. This page is taken from the ledger, but no footnote A—these footnotes, of course, are derived from other sources, and may have been derived from oral information furnished by Mr. Davidson, as well as from the statement on file.

Q. Will you say whether the information in Note A was acquired from Mr. Davidson orally or from the statement on file?

A. I do not remember.

34349 Mr. Chambers: He stated the best information he had.

Q. But if it was acquired from the statement you say you used in this connection the information carried in Note A is incorrect?

A. I would not say that, because—

The Master: He need not characterize it. The record shows, as I understand it, that the Note A, being on the first sheet of Exhibit AA254, refers to an item appearing above as follows: "Real Esate, Man., 1918, Sundry Debtors, J. J. Riordan, (a) $2,950.00" and immediately under that the item, "Ditto, 1918, Doty and Demos

34350 (b) $1,840.80." Note (a), referring to the $2,950 item, J. J. Riordan, says: "Block 716, Lot 14 Taxes paid by tenants." The Note (b), referring to the $1,840.80 item, says: "Block 1156, Lots 45 and 46. Taxes paid by tenants."

Now, the paper which is identified has precisely those two items in money and those two names, and has precisely the same block and lot number as to the Doty-Demos item but has Block 715, Lot 59, instead of Block 716, Lot 14, as to the Riordan item. I will draw my own conclu-

sions. Are you through with this witness, Mr. Vilas?

Mr. Vilas: Yes, I am through.

RE-DIRECT EXAMINATION BY MR. CLARK:

Q. Taking this Exhibit AA256, Mr. Gottlieb, with that line "Total Payments" concerning which you were asked about if the word "Payments" were changed to the word "Charges," would that accurately state the situation?

A. Yes.

Mr. Vilas: I object to that as not proper re-direct. 34352

The Master: I will take it.

Mr. Vilas: Exception.

Q. Your footnotes, for instance, footnote P and footnote M, indicate that the items to which they refer were not actual payments?

A. They are not actual payments.

The Master: Does your footnote indicate that?

Q. Does your footnote indicate that?

A. Yes.

Q. On your Exhibit AA254, page 3, where did you get your information as to the payment of those taxes, or what did you intend to convey by the information 34353 in Notes A and B—the Notes A and B on the last page 3, "Tax Payments and Assessments"?

A. I was trying to tie in this exhibit with Exhibits 1, 2—

Q. On page 2, and Exhibit 2?

A. Exhibit 2, page 3, and Exhibit 3, pages 3 and 4.

Q. Of this Exhibit AA256.

The Master: Exhibit AA254.

A. Yes, Exhibit AA254.

34354

Q. Where did you get your information, on which you based those notes?

A. From the vouchers and journal references.

Q. You went back to the vouchers to get those notes?

A. Yes.

Q. Did the journal references indicate that they were paid in the months named?

A. The footnote "A"—no, I think footnote "A" should have read, "Charged in December, 1918, and paid in January, 1919."

34355 Q. And how about footnote "B"?

A. It is all right as it stands.

Q. That is correct as it stands?

A. Yes.

Mr. Clark: That is all.

Mr. Vilas: Just one question.

RE-CROSS EXAMINATION BY MR. VILAS:

Q. You spoke of footnotes in Exhibit AA256. There is no letter reference or footnote in connection with the item of $707,652.53 for the year 1913, concerning which I interrogated you first, is there?

A. No.

Q. And that item is not a payment but a charge?

34356 Mr. Chambers: A charge.

A. A charge.

The Master: We have had all that; you will not make it any clearer by repeating it.

Mr. Vilas: That is all.

The Master: What else have we got?

Mr. Clark: I will call Mr. Hart.

Mr. Goetz: There is no necessity of swearing Mr. Hart.

Mr. Chambers: Just a minute, Mr. Goetz. I ask that Mr. Hart be sworn. He is going to testify here.

The Master: Who is Mr. Hart?

Mr. Chambers: A public official from the Tax Department.

The Master: What does he produce?

Mr. Chambers: He is here on assessments of real estate of corporations.

The Master: Will Mr. Hart do more than identify the records?

Mr. Clark: He will.

Mr. Chambers: Yes, he will. He is going to, regardless of Mr. Goetz.

34358

JOSEPH J. HART, called as a witness in behalf of the defendants, being duly sworn, testified as follows:

DIRECT-EXAMINATION BY MR. CLARK:

Q. Where are you employed, Mr. Hart?

A. The Department of Taxes and Assessments of the City of New York.

Q. And what division of that department are you employed in?

A. The assessment of the real estate of corporations and special franchises. 34359

Q. Are you in charge of that department?

A. I am.

Q. Do you have charge of the making of assessments on real estate of corporations each year?

A. For the year 1920.

Q. Just for the year 1920?

A. Yes.

Q. You are familiar with the assessments that have been made in the past?

A. Somewhat.

34360 Q. Can you state whether the property assessed by the Tax Department as real estate of corporations includes all of the property which is assessed by the State Tax Board for the tax on franchises of corporations?

Mr. Vilas: That is objected to, if your Honor please. The law speaks for itself as to what property should be assessed and what should not.

Mr. Clark: No, it does not.

The Master: What has the question of this assessment to do with the case?

34361 Mr. Clark: The proposition is this: This tax on corporations is a duplicate tax. The franchise tax is based on the mains in the streets—

Mr. Chambers: Mr. Teele has it in as an operating expense.

Mr. Clark: And the tax on the real estate of corporations is on the same property.

The Master: Yes?

Mr. Clark: I want to show that the assessments made by this bureau were on the same property and covered all of the real, actual, physical property that is assessed by the Franchise Board.

Mr. Vilas: They are bringing in proof now

34362 to repudiate their own assessments.

Mr. Chambers: It is only taxed so that in case the franchise tax fell down they would be held on the real estate of corporations tax. It has been cancelled each year, as is shown by the record.

Mr. Goetz: The City has laid these taxes each year and attempted to enforce them.

Mr. Clark: I think your Honor understands the situation there.

The Master: Yes, I will let you get it on the record.

Mr. Vilas: Exception.

Q. Can you state whether the assessment made by your bureau for the tax on real estate of corporations covers and includes all of the physical property that is assessed by the State Board for the franchise tax?

Mr. Vilas: I object to that on the grounds previously stated.

The Master: I will allow it.

Mr. Vilas: Exception.

A. I cannot answer that question, as Mr. Joseph D. Cremen made those assessments—he having died.

Q. Can you answer the question as to 1920?

A. The assessments are not yet out for 1920. Our 34364
Board have to the 31st of January to pass upon those assessments finally.

By the Master:

Q. He is not asking for the amount. What he is trying to make clear, Mr. Hart, is that the State Board —the question here that I have got to decide as to whether certain figures shall be included in the figuring, and the State Board of Tax Commissioners fixes the assessment for the Franchise Tax, as I understand it.

A. Yes.

Q. That includes the mains in the streets and certain other property in the streets that otherwise was 34365
not covered before the Board of Franchise Taxes. What Major Clark is trying to bring out is that the City's tax known as the tax on the real estate of corporations covers the same property precisely as the property that the state covers in fixing the value for a tax on franchises.

A. So far as the tangible is concerned I understand it is the same.

Mr. Vilas: I object to that and move that it be stricken out. The witness has already disqualified himself from giving this information, be-

34366

cause he says he does not know, he understands it from somebody.

Mr. Clark: Do the complainants contest that fact? If they do I would like to know it; I can bring two or three other witnesses here and waste some more time.

Mr. Goetz: We have contested those taxes all along.

The Master: I do not care whether you contested the taxes or not. What Major Clark is trying to spread on the record is that the tax known as the tax on real estate of corporations

34367 covers the same property precisely as the Franchise Tax, so-called. That is all he is trying to prove.

Mr. Clark: Do they contest that? If they want to contest it it will take us some time to prove it.

Mr. Goetz: Either the law provides the method or there is something done by the department or the men in the department which shows that method. By simply asking him the wholesale question, "Do you assess the same property," you are asking him to state a conclusion, taking into account everything that can possibly be done

34368 in the matter.

Mr. Clark: I am merely trying to shorten this trial. If we have to show the assessments covering each main we will get the witnesses down here

Mr. Goetz: Yesterday Mr. Clark spent a good deal of time showing the cancellation of these assessments, and those were not in Mr. Teele's statement at all.

Mr. Clark: This just shows the general proposition.

Mr. Vilas: Will the defendants concede that these other taxes have all been cancelled?

Mr. Clark: We will concede it.

Mr. Chambers: We won't concede that for the purposes of cancelling them, but the fact is they are duplications and are only assessed by way of precaution.

Mr Goetz: They are taxes taken out of your operating expenses.

Mr. Chambers: You pay your franchise tax and they will be cancelled forthwith. The minute they pay their franchise tax these are cancelled automatically.

Mr. Goetz: There is no stipulation to that ef- 34370
fect.

Q. What classes of property do you assess for the taxes of real estate on corporations?

A. We assess such property as is not assessed by the State Board for special franchise.

The Master: That is not assessed by the State Board?

The Witness: Yes, sir.

Q. Do you assess also the physical property that is assessed by the state?

A. We have in that instance.

By Mr. Vilas:

Q. What instance? 34371

By Mr. Chambers:

Q. As to the Consolidated Gas Company?

A. Yes.

By Mr. Clark:

Q. As to the Consolidated Gas Company?

A. Yes.

The Master: I do not quite understand that, Mr. Hart. Do I understand that generally speaking your department assesses only property not covered by the franchise taxes?

The Witness: Generally.

The Master: But that you follow a different practice as to the Consolidated Gas Company?

The Witness: We have assessed the Gas Company on the advice of the Corporation Counsel.

The Master: Differently from other companies?

The Witness: Different from other companies.

The Master: How long has that practice obtained?

34373 The Witness: For a number of years, I find by the records.

By Mr. Chambers:

Q. Why is that, do you know?

A. My understanding of that is that there is a question whether the Consolidated Gas Company has a franchise from the City of New York or not, and in case there is no franchise these taxes will be enforcible if they cannot collect the special franchise tax.

Q. So you cover exactly the same ground as is covered by the State Board of Tax Commissioners?

A. With the exception of the intangible.

Q. The tangible covers the same ground?

34374 A. That was intended to be the same.

Q. And that has been the practice for a number of years?

A. Yes.

Q. You know of your own knowledge, don't you, that these taxes assessed to the Consolidated Gas Company for real estate of corporations have been cancelled when they have paid their franchise taxes?

Mr. Goetz: I object to that. The witness has already testified that he is not familiar with the proceeding before his incumbency in office.

The Master: Perhaps he is familiar with it.

Mr. Goetz: He said Mr. Cremen knew.

The Master: If he don't know he will say so.

Mr. Goetz: He has already testified so.

The Master: Mr. Hart, do you know, so that you are able to give your testimony here, whether it is or is not the fact that as soon as a franchise tax is paid the tax on real estate of corporations is cancelled?

The Witness: I do not know that is the fact.

The Master: There is no use trying to get Mr. Hart to tell us something that he doesn't know well enough to charge his conscience with. 34376

Mr. Chambers: These taxes have been cancelled in the past.

Mr. Goetz: That has already been shown.

The Master: I will let Mr. Hart say if he knows.

The Witness: I do not know.

By Mr. Clark:

Q. Will you state whether you have produced these papers?

A. Yes.

Q. State what they are?

A. They are produced from the files. They are applications of the Consolidated Gas Company for the 34377 years 1913 to 1919, inclusive, asking for cancellations and reductions of assessments.

By Mr. Chambers:

Q. On real estate of corporations tax?

A. Real estate of corporations tax.

Mr. Chambers: They have asked to cancel them on this very ground.

The Master: Put them in evidence.

Mr. Clark: I offer this application in evidence.

The Master: What is "this application"? It means nothing on the record.

34378

Mr. Clark: Application of the Consolidated Gas Company of New York for the cancellation of the tax on real estate of corporations for the year 1913, filed in the office of the Bureau of Real Estate of Corporations, and dated November 8, 1912.

Mr. Chambers: I call the Court's attention to some of the allegations.

The Master: I will look at it when we get through with Mr. Hart.

Mr. Chambers: It says all we have been trying to prove here.

34379 The Master: If it says all you have been trying to prove you don't have to worry about it.

Mr. Chambers: It says it is a duplication and covers the same property as the special franchise tax and is therefore void.

Mr. Vilas: Does it say so as to all the tax, or only part of it?

Mr. Chambers: We will read what it says.

The Master: Let us see one of these statements.

Mr. Vilas: We have one offered in evidence, and another one that he is about to read from.

Mr. Chambers: I will read from the one of-

34380 fered:

"Complainant alleges that said assessments are erroneous and illegal in the following respects: First, the property assessed as aforesaid will be included in the special franchise of the complainant as defined in Subdivision 3 of Section 2 of the Tax Law, and will be assessed, as complainant is informed and believes, for the year 1913, by the State Board of Tax Commissioners as part of the Special Franchise of the complainant as directed and provided by law and the assessment thereof by the Board of Taxes

and Assessments of the City of New York, is illegal, unauthorized and void, except for the purpose of assessment by the said State Board of Tax Commissioners. The said property is not real estate nor usable as such and under the provisions of Section 49 of the Tax Law the said property is not taxable except upon the assessment made by the State Board of Tax Commissioners."

Mr. Vilas: I object to the exhibit on the ground that it appears on the face of it that the objections do not apply to the entire tax. 34382

The Master: What does it apply to?

Mr. Vilas: Part of it.

The Master: What part of it?

Mr. Vilas: The part specified there. You can figure it out yourself.

The Master: Let me see it.

Mr. Clark: I might ask Mr. Hart one question about that.

By Mr. Clark:

Q. Mr. Hart, there are some pieces of physical property which are not assessed by the State Board of Tax Commissi ners, and which your bureau does assess? 34383

A. There are.

Q. What do they consist of?

A. They consist of certain properties in the streets, possibly classed as revocable rights, and certain other properties not assessed by the State Tax Commissioners.

Q. Are they of substantial value?

A. Not specially large, a small amount.

The Master: I will overrule the objection, and this will be considered in evidence.

Application received in evidence and considered marked as Defendants' Exhibit AA-271.

Mr. Clark: I offer in evidence similar application of the Consolidated Gas Company for the cancellation of the tax for the year 1914, filed in the office of the Tax Department, and dated November 11, 1913.

Mr. Vilas: I make the same objection.

The Master: Objection overruled.

Mr. Vilas: Exception.

The Master: It will be considered in evidence.

Application received in evidence and considered as marked Defendants' Exhibit AA-272.

34385 Mr. Clark: I offer similar application of the Consolidated Gas Company for the cancellation of the tax for the year 1915, filed in the Department of Taxes, and dated November 12, 1914.

Mr. Vilas: Same objection.

The Master: Objection overruled.

Mr. Vilas: Exception.

Application received in evidence and considered marked as Defendants' Exhibit AA-273.

Mr. Clark: I offer in evidence application of the Consolidated Gas Company concerning the tax of 1916, filed in the office of the Department of Taxes, verified November 9, 1915.

34386 Mr. Vilas: Same objection.

The Master: Objection overruled.

Mr. Vilas: Exception.

Application received in evidence and considered marked as Defendants' Exhibit AA-274.

Mr. Clark: I offer in evidence similar application of the Consolidated Gas Company concerning the tax of 1917, filed in the office of the Department of Taxes, and verified November 11, 1916.

Mr. Vilas: Same objection.

The Master: Objection overruled.

Mr. Vilas: Exception.

Application received in evidence and considered marked as Defendants' Exhibit AA-275.

Mr. Clark: I offer in evidence similar application of the Consolidated Gas Company with reference to the tax of 1918, filed in the office of the Department of Taxes and verified November 14th, 1917.

Mr. Vilas: Same objection.

The Master: Objection overruled.

Mr. Vilas: Exception.

Application received in evidence and consid- 34388
ered marked as Defendants' Exhibit AA-276.

Mr. Clark: I offer in evidence similar application of the Consolidated Gas Company of New York with reference to the 1919 tax, filed in the office of the Department of Taxes, and verified November 13, 1918.

Mr. Vilas: Same objection.

The Master: Objection overruled.

Mr. Vilas: Exception.

Application received in evidence and considered marked as Defendants' Exhibit AA-277.

CROSS-EXAMINATION BY MR. VILAS:

Q. You stated that there are some items of lesser 34389
amount that are assessed that are not duplicated in the state franchise assessment?

A. Yes.

Q. As to those amounts no objection—those amounts are not included in the applications, which have just been offered, is that right?

A. I think that is right.

Q. Are you a Deputy Tax Commissioner?

A. I am.

By the Master:

Q. In charge of the bureau now?

A. Yes.

Q. You succeeded Mr. Cremen?

A. Yes, in August last.

By Mr. Vilas:

Q. Can you say that if the company pays the special franchise tax for 1920 the real estate of corporations tax will be cancelled?

A. I cannot.

Q. You cannot say?

The Master. He has said three times that he cannot say.

Mr. Vilas: I want the full import of what he

34391 says.

By Mr. Chambers:

Q. Who does cancel it, Mr. Hart?

A. The Law Department.

The Master: If cancelled.

By Mr. Vilas:

Q. The Corporation Counsel?

A. The Law Department of the City of New York.

Mr. Chambers: It is cancelled under the Law Department of the City of New York.

The Master: Under the charter, the Law Department of the City of New York is the Corporation Counsel.

34392 (Witness excused.)

GRANVILLE W. PULLIS, recalled.

DIRECT-EXAMINATION BY MR. CHAMBERS:

Q. Mr. Pullis, you testified the other day in this case, didn't you?

A. Yes, sir.

Q. I show you a photograph. Of what building is that?

A. That is the company's building on West 57th Street.

Q. Is that a correct photograph of the building?

A. Yes.

Q. You took it yourself?

A. Yes.

Q. When, the other day?

A. January 23, 1920.

Mr. Chambers: I offer that photograph in evidence.

Mr. Vilas: I don't think there is any objection to these photographs. I haven't anything to 34394
check them with.

Photograph received in evidence and marked Defendants' Exhibit AA-278.

Q. I show you another photograph. Where is the *locus in quo* of that?

A. That lies between Eleventh and Twelfth Avenues, 42nd and 41st Streets.

Q. You took that on what day?

A. On the 23rd of January, 1920.

Q. Is it a correct photograph?

A. Yes, sir.

Q. Which way are you looking?

A. East. 34395

Q. Where did you place your camera?

A. Up on a runway about 30 feet above the ground.

Q. Of what you thought was the company's property?

A. Yes.

Mr. Chambers: I offer that photograph in evidence.

Photograph received in evidence and marked Defendants' Exhibit AA-279.

Mr. Vilas: I notice there is some writing on the back of these photographs. Is that part of the exhibit?

Mr. Chambers: No, I do not ask that the writing be admitted.

The Master: I am just admitting the photograph.

Q. I show you another photograph, Mr. Pullis. Did you take that?

A. Yes.

Q. When?

34397 A. January 23, 1920.

Q. What property does that represent?

A. Showing the holders between 41st and 42nd Streets, Eleventh and Twelfth Avenues.

Q. Is it a correct photograph?

A. Yes.

Q. Which way were you looking?

A. Southwest.

Q. Where did you place your camera, on the company's property or on the street?

A. On private property, on top of the building at the northeast corner of 42nd Street and Eleventh Avenue.

34398 Q. It was away from the company's property?

A. Yes.

Mr. Chambers: I offer that photograph in evidence.

Photograph received in evidence and marked Defendants' Exhibit AA-280.

Q. I show you another photograph, and ask you when you took that and where it is located?

A. January 23rd, holders between Eleventh and Twelfth Avenues and 42nd Street, on the north side of 42nd Street.

Q. Which way were you looking?

A. Looking west.

34399

Q. And where did you place your camera?

A. On the company's property.

Mr. Chambers: I offer that photograph in evidence.

Marked Defendants' Exhibit AA-281.

Q. I show you another photograph, and ask you if you took that?

A. Yes.

Q. And what does it show?

A. It shows company's property.

Q. And where did you place your camera?

A. On private property.

34400

Q. What company's property?

A. Consolidated Gas Company.

Q. I mean what streets?

A. The block east of Avenue C between East 14th and East 15th Streets.

Q. Does it correctly represent the situation there?

A. Yes.

Q. On what date did you take it?

A. January 22nd.

Q. 1920?

A. 1920.

Mr. Chambers: I offer that photograph in evidence.

34401

Marked Defendants' Exhibit AA-282.

Q. I show you another photograph, Mr. Pullis, and ask you if you took that?

A. Yes.

Q. Where is that property located?

A. The block west of Avenue C between 14th and 15th Streets, looking northwest.

Q. And which way were you looking?

A. Northwest.

Q. And where was your camera placed?

A. On the company's property.

Q. Does it correctly show the situation there as you found it?

A. Yes.

Mr. Chambers: I offer that photograph in evidence.

Marked Defendants' Exhibit AA-283.

Mr. Vilas: Is that the same block as the previous one?

The Witness: Yes.

Mr. Vilas: Looking the opposite direction?

The Witness: Yes.

34403 Q. I show you another photograph, Mr. Pullis, and ask you if you took that?

A. Yes.

Q. Where is that property located?

A. 15th Street and Avenue D.

Q. Does that correctly represent the situation there?

A. Yes.

Q. And when did you take the photograph?

A. January 22nd.

Q. Which way was your camera pointed?

A. Looking southeast.

Mr. Chambers: I offer that in evidence.

34404 Marked Defendants' Exhibit AA-284.

Q. I show you another photograph and ask you if you took that?

A. Yes.

Q. Does it correctly represent the situation there?

A. Yes.

Q. And where is the place?

A. 14th Street and Avenue D.

Q. Which way was your camera pointed?

A. Looking northeast.

Q. And where was your camera placed, on whose property?

A. Public property.

Q. You mean in the street?

A. In the street.

Mr. Chambers: I offer it in evidence.

Marked Defendants' Exhibit AA-285.

Q. I show you another photograph and ask you where the property is located?

A. Between 14th and 15th Streets on Avenue D and East River.

Q. Does that correctly represent the situation there?

A. Yes.

Q. When did you take the photograph?

A. January 22nd. 34406

Q. Which way was your camera looking?

A. Southwest.

Q. Where did you place your camera?

A. Out on the runway belonging to the contractor who is occupying the premises at the present time.

Mr. Chambers: I offer that in evidence.

Marked Defendants' Exhibit AA-286.

Mr. Vilas: The last three are all of the same block?

The Witness: Yes.

Q. I show you another photograph and ask you if you took that, and if so, when?

A. Yes; January 22nd. 34407

Q. Does that correctly represent the situation there at that place?

A. Yes.

Q. And what place is it?

A. A view northwest, block between 17th and 18th Streets, west of Avenue C.

Q. Where did you place your camera?

A. On the company's property.

Q. Which way were you looking?

A. Northwest.

Mr. Chambers: I offer that in evidence.

Marked Defendants' Exhibit AA-287.

Q. If I show you another photograph and ask you if you took that, and if so, when?

A. Yes, January 22nd.

Q. What property is that?

A. 327 Avenue A.

Q. And which way was your camera pointed or looking?

A. Northwest.

Q. And that correctly represents the situation there?

A. Yes.

34409 Q. And you took that on January 22nd, 1920?

A. Yes.

Mr. Chambers: I offer it in evidence.

Q. I show you another photograph and ask you if you took that?

A. Yes.

Q. And what property does it represent?

A. The block between 20th and 21st Streets, west of Avenue A.

Q. Does that correctly represent the situation there?

A. Yes.

Q. Which way was your camera looking?

A. West.

34410 Q. And where was your camera placed?

A. On the company's property.

The Master: What is that, the coal pile?

The Witness: Yes.

The Master: It shows up in front of the holder?

The Witness: Yes.

Mr. Chambers: I offer that in evidence.

Marked Defendants' Exhibit AA289.

Q. I show you another photograph and ask you if you took that?

A. Yes.

Q. What property does it represent?

A. Holder between 21st and 22nd Streets, west of Avenue A.

Q. Did you take it on January 22, 1920?

A. Yes.

Q. Which way was your camera looking?

A. Northwest.

Q. And whose property were you on?

A. The company's property.

Q. The Consolidated Gas Company's property?

A. Yes.

Mr. Chambers: I offer that in evidence. 34412

Marked Defendants' Exhibit AA-290.

Q. I show you another photograph, and ask you if you took that?

A. Yes.

Q. What does that represent?

A. Old oil gas benches between 21st and 22nd Streets.

Q. And what day did you take it?

A. January 22nd.

Q. And you were inside the Consolidated Company's property?

A. Yes.

Q. And is there any trick photography about it in any way? 34413

A. No.

Q. And it correctly represents the situation just as you found it?

A. Yes.

Q. These old benches?

A. Yes.

Mr. Chambers: I offer it in evidence.

Marked Defendants' Exhibit AA-291.

Q. I show you another photograph and ask you if you took that?

A. Yes.

Mr. Vilas: 291 contains a statement on the back. That is not a part of the exhibit.

The Master: It is not, it is the photograph, and not the statement on the back.

Mr. Chambers: Do you want the statement on the back?

Mr. Vilas: No.

Q. I ul you take this photograph?

A. Yes.

Q. And is it correct?

A. Yes.

Q. What property does it represent?

34415 A. View of Hazleton boilers, 21st and 22nd Streets, between Avenue A and Avenue B.

Q. Does it correctly represent that situation there as you found it?

A. Yes.

Q. When, January 22, 1920?

A. Yes.

Mr. Chambers: I offer that photograph in evidence.

Mr. Vilas: That is a flashlight also?

The Witness: Yes.

Marked Defendants' Exhibit AA-292.

34416 Q. I show you another photograph and ask you if you took that?

A. Yes.

Q. What does it represent, a view of what?

A. View of old benches east of boiler house, 99th Street and Second Avenue.

Q. And does it correctly represent the benches there as you found them?

A. Yes.

Q. And when did you take it?

A. January 23rd.

Q. 1920?

A. Yes.

The Master: What were they doing, repairing them?

The Witness: No, sir.

The Master: Isn't that repair work going on there?

The Witness: No signs of repair work going on there.

The Master: You don't call that signs of repair work, with all of that plaster and brick lying around. 34418

The Witness: It looked to me as though it had been lying there for years.

Mr. Chambers: I offer the photograph in evidence.

Marked Defendants' Exhibit AA-293.

Q. Now, all the photographs you have just identified were taken by you?

A. Yes.

Q. And you did not use any trick photography, did you?

A. No.

Q. Nor change the plates or photographs in any way? 34419

A. No.

Q. They are just as the photographs were made?

A. Yes.

Mr. Chambers: That is all.

The Master: Any cross-examination, Mr. Vilas?

Mr. Vilas: No cross-examination.

ROBERT A. CARTER, recalled as a witness in behalf of the defendants, testified as follows:

DIRECT-EXAMINATION BY MR. CLARK:

The Master: What do you want to do, read in evidence some statements made by Mr. Carter at some other time?

Mr. Clark: Yes.

The Master: On what theory?

Mr. Clark: To ask him if what he said is the fact.

34421 The Master: With reference to what? What subject brings this out of the sky?

Mr. Clark: Capitalization of the company.

The Master: Too late now.

Mr. Clark: I asked him a question the other day as to the original capitalization.

The Master: Too late now.

Mr. Clark: And I cannot call him as my own witness and ask him about the original capitalization of the company?

Mr. Vilas: It is already in evidence.

The Master: Why, yes, ask him a question, not whether he said something somewhere else. Ask

34422 him the question.

Mr. Clark: I asked him the question, and he said he testified to it before, but he could not state it now, and I want to ask him after he has had his memory refreshed.

The Master: What is this all about?

Mr. Clark: He made up an analysis of the capital expenditures of the company from testimony put in by Mr. Carter in some of the exhibits in the old case.

Mr. Vilas: Why not make them up from the books?

Mr. Clark: It does not show me in the books just what the money was spent for, but it does show in Mr. Carter's testimony what the money was spent for. I think it is along the line that the Master is trying to get at, what the actual investments were.

The Master: Go ahead, but I do not think it is regular at all.

Q. Mr. Carter, you remember I asked you whether the original capitalization of the Consolidated Gas Company was arrived at by taking the market value of the securities of the various constituent companies. 34424
Can you state whether that is the fact?

A. I can only repeat what I stated when you asked that question at a recent hearing, when I was on the stand.

Q. Refreshing your recollection from page 731 of your testimony on the last case, could you state any more definitely?

Mr. Vilas: I object to that.

The Master: I will allow it.

Mr. Vilas: Cross-examination, impeaching his own witness.

Mr. Chambers: That is perfectly proper. I even refreshed the witness's recollection by the 34425
grand jury minutes once, and it was sustained by the Court of Appeals.

The Master: Now, Mr. Carter, have you read that testimony?

The Witness: Yes, sir, I have read the testimony given in that case.

The Master: Does that refresh your recollection as to the issuance of your original stock of your company?

The Witness: No.

The Master: The basis on which it was issued?

34426 Robert A. Carter, Direct.

The Witness: I simply stated the fact there, not that it was the basis, that the amount $39,078,000 —

The Master: $39,000,000?

The Witness: $39,000,000, which was the amount of authorized capital stock, represented the market value of the outstanding capital stock of the predecessor companies of the Consolidated Company.

The Master: Well, did that $39,000,000—

The Witness: That was not the basis of the
34427 consolidation. When it came to the consolidation, the tangible property of the predecessor companies was appraised, inventoried and appraised by Rowland, and aggregated some thirty million dollars in round figures.

By Mr. Chambers:

Q. Not what it costs, but what Rowland's figures or units applied to it showed?

A. I studied the Yalden figures, and found that it cost more than that.

Q. More than the Yalden figures?

A. More than Yalden's figures, and more than it was appraised for in 1884.

34428 Q. But as to Rowland's figures, you applied those units to these mains and services and so on?

A. As to Rowland's figures, they were the basis of the capital stock authorized to be issued, in so far as the tangible property was concerned.

Q. They were not the cost, though, of the property; they were his figures, made up—

A. (Interrupting.) As I stated, Mr. Chambers, I took occasion to examine the evidence in that proceeding in 1886, the Senate Committee proceedings, and found that based upon Yalden's own tables, and upon the evidence that he gave, and upon the evidence

of other witnesses who were summoned before the committee—

Q. (Interrupting.) Mr. Carter, you are not answering the question. The question is this: Rowland's unit prices—

A. I am answering the question, exactly.

Q. No. Were Rowland's unit prices the cost?

A. You asked whether the $29,000,000 was the original cost, and I stated the original cost exceeded that.

Mr. Goetz: Let Mr. Carter answer the question without being interrupted. 34430

Q. I am asking whether Rowland's unit prices were the cost of those things to the original company. Can't you answer that?

Mr. Goetz: Answer the question you were proceeding to answer.

Q. He said mains six inches, so much. Now, that wasn't the cost, was it?

A. Whatever unit cost he may have used, he reached a value for the entire tangible property of between twenty-nine and thirty million dollars.

Q. His opinion?

A. And my investigation satisfied me beyond peradventure that the original cost of it exceeded that amount to the predecessor companies. 34431

Q. Rowland used his estimate of the value?

A. It was his inventory and appraisal of the value as of that time, which as I said, did not, according to the testimony of Valden himself and of other witnesses who appeared before that Senate Committee exceed its original cost.

Q. Well, it did not equal it?

A. It did not equal it.

By Mr. Clark:

Q. Mr. Carter, isn't it a fact that the difference between Rowland's figures and the figures of the authorized capital stock is the amount assigned to the value of the franchise?

A. Necessarily so if as apparently I was informed, or had learned from some source, that the market value of the securities of the predecessor companies aggregated $39,078,000, and capital stock was authorized for that amount, and the tangible property of the company was found to have a value of between twenty-
34433 nine million and thirty million dollars, I think $29,998,000, if my memory serves me, the difference between that amount of stock authorized and the $39,078,000, I think, would represent the difference between the tangible property and the entire capitalization of the tangible property and the market value of the stock, whatever construction you choose to put upon it.

Mr. Vilas: There were a couple of items of adjustment that made some difference, were there not?

The Witness: I am not testifying to exact figures, but there were some adjustments.

34434 The Master: If I get this picture correctly, the constituent companies had stock out which was worth in the market $39,000,000?

The Witness: Yes, sir.

The Master: The Consolidated Company in taking over all of these companies capitalized itself at $39,000,000?

The Witness: Yes, sir.

The Master: In order to show that the stock was being issued against real property, Mr. Rowland made an appraisal of the tangible property?

The Witness: Yes.

The Master: And he found that the tangible property was worth approximately $30,000,000?

The Witness: Yes, sir.

The Master: So that that thirty million dollars represented actual value of tangible property at that time?

Mr. Chambers: Not the cost, though.

The Master: No, I understand that.

Mr. Chambers: Well, that is conceded then, it was not the cost.

The Master: Don't ask for concessions. That thirty million dollars approximately represented 34436
tangible property, and $30,000,000 of the stock issued by your company was issued for that $30,000,000 of tangible property?

The Witness: Yes, sir.

The Master: And the balance of about $9,000,000 was issued for the good will of franchise rights, whatever you call them?

The Witness: The balance was issued for the value assigned to the franchises, $7,781,000, and an amount of $1,301,000, if my memory serves me correctly.

Mr. Vilas: And some amount was reserved to take up some obligations? 34437

The Witness: Yes.

The Master: But that was deducted from the $30,000,000?

The Witness: Yes, that was deducted.

Q. The working capital was $1,303,000?

A. Yes, $1,303,000.

The Master: I think I understand it.

The Witness: There was another method, your Honor, if it is of any interest, by which I was able to establish that the value placed by Rowland upon the tangible property—

34438 Robert A. Carter, Direct.

Mr. Chambers: I object to this.

Mr. Vilas: No, let him answer.

Mr. Chambers: No, I object as voluntary, incompetent, irrelevant and immaterial, there is only one person who attempted to get the cost to the original companies, and that was Yalden, and I object to this, this is not our testimony.

Mr. Vilas: Well, we will ask him on cross-examination.

Mr. Chambers: And a good deal he said a few minutes ago is voluntary. The fact is that Row-
34439 land's was an appraisal: Yalden's was the book cost to these original companies, and there cannot anybody make it any different.

The Witness: I have stated it was not the book cost.

Q. Yalden says it was, and the Senate Committee found it so.

A. The Senate Committee did not find that it was.

Q. Well, I beg to differ with you. It purports to show that.

The Master: I will decide that. Anything else from Mr. Carter?

Mr. Clark: Yes.

34440 The Master: Go ahead.

By Mr. Clark:

Q. Mr. Carter, do you remember the two tables, Complainant's Exhibit 80 and Complainant's Exhibit 81 in the 1909 litigation handing book to witness?

A. I have no doubt that they are correct statements of the assets and liabilities of the Consolidated Company as of October 31st, 1905, and of the investment in its gas business as of that date.

Q. Did you prepare those and submit them in evidence in your last case?

A. Well, I should rather doubt having prepared them. They probably were prepared under my di-

rection, and the evidence would indicate whether they were presented while I was on the stand, I would not like to testify positively about that.

Q. I would like to refresh your memory from pages 744 and 745 and see whether you prepared them (handing book to witness)?

A. The testimony on the pages to which you have referred, Mr. Carter, appears to indicate that I was on the stand when those two exhibits were offered, namely Complainant's Exhibits 80 and 81.

Q. Do they not also indicate that you prepared them or they were prepared under your direction, 34442 and that you offered them?

A. They were offered by counsel while I was on the stand.

Q. And they were prepared by you?

A. It does not state so, and I should say that t' were prepared under my direction.

Mr. Clark: I offer those two exhibits in evidence.

Mr. Goetz: Are you offering that as a part of the old record?

Mr. Clark: Yes.

Mr. Vilas: I do not fully understand what the relevancy of the exhibits in the old record 34443 may be.

The Master: The table, Exhibit 80, will be received as Defendants' Exhibit AA-294 and the table, Exhibit 81, will be received as Defendants' Exhibit AA-295.

Considered in evidence as Defendants' Exhibits AA294 and AA295.

The Master: They were known as complainant's exhibits in the other case?

Mr. Clark: Yes, Complainant's Exhibits 80 and 81.

34444 Robert A. Carter, Direct.

The Master: That is in the old case, and they are now considered Exhibits AA294 and AA-295.

Q. Mr. Carter, do you remember the use to which the $20,000,000 of debentures issued on July 1st or shortly after July 1st was put, or for what purpose they were issued?

A. Well, I think there is evidence there on that subject.

Q. I will refresh your recollection. Can you state what was the principal purpose of that issue (handing witness book)?

34445

Mr. Goetz: Which year?

Mr. Vilas: 1904.

Mr. Goetz: I suppose all this is produced over the objection of Mr. O'Brien, who said that the capitalization had nothing to do with this case.

A. I think the answer given at that time was correct, namely, that in a general way the purposes for which those debentures were issued were "To pay for improvements and betterments, additions to the plants and property of the company, cancelling the company's obligations, purposes of that kind."

Q. Reading further down, is your memory further refreshed that the principal purpose of that issue was for the Astoria plant?

34446

A. I said, "I think the purposes for which they were issued is very plainly indicated by the employment of the funds since." Then later I state, "The improvement at Astoria, the construction of the gas plant at Astoria, was the particular purpose." Is that all you want me to testify to?

Mr. Clark: Yes, that is all.

Mr Chambers: I want to ask him a question or two.

By Mr. Chambers:

Q. Do you know when the Consolidated Gas Company obtained the interest, or whether the Consolidated Gas Company obtained any interest, on the amount rebated after the United States Court decision upon the last trial?

Mr. Vilas: I object to that.

The Master: Objection sustained.

Mr. Chambers: Well, it applies to working capital and so forth.

The Master: Objection sustained.

Mr. Chambers: Will you state why you won't 34448
let us show that?

The Master: Because I am through with ancient history.

Mr Chambers: 1906?

The Master: Yes.

Mr Chambers: Exception.

Q. Did you pay the consumers any interest on the amount collected in excess of the 80 cent rate?

The Master: Same ruling.

Mr. Chambers: Exception. Will you state why you won't let me show that?

The Master: No.

Mr. Chambers: Exception to that. I ask the 34449
Court to allow the evidence to be taken so we can show whether they did get any interest or not, or paid any interest.

The Master: I will not take it. It is time we stopped wasting time in this case. It is quite apparent to me that this whole case turns on a question of law. Let us get it on the record and get through with it.

Mr. Chambers: That may be your opinion, but it is not ours.

Q. As of what date did the Consolidated Gas Company begin to refund money to its consumers after the decision by the United States Supreme Court in the last case?

Mr. Vilas: Same objection.

The Master: Objection sustained. It is utterly immaterial.

Mr. Chambers: Exception.

Q. When did Mr. Shields, United States Commissioner, turn over the money in his charge to the Consolidated Gas Company.

34451 Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Chambers: Not so hasty, your Honor. I have not finished my question. You and Mr. Vilas here are trying to get ahead of me.

The Master: Ask another one.

Mr. Chambers: I will ask it.

Q. As of what date did the Consolidated Gas Company begin to refund the money collected by it, the difference between the 80 cent rate and the rate allowed under the injunction in the previous suit after the decision of the United States Supreme Court, to its consumers?

34452 The Master: Same ruling.

Mr. Chambers: Is that overruled?

Mr. Vilas: Objection.

The Master: Same ruling.

Mr. Chambers: Exception.

Mr. Clark: Just one more question.

By Mr. Clark:

Q. Mr. Carter, you identified that as your signature (handing witness paper)?

A. Yes, sir, that is my signature.

Mr. Clark: I offer in evidence letter of the Consolidated Gas Company signed by Mr. Carter to Mr. Adna P. Weber, chief statistician of

the Public Service Commission, dated June 6, 1914, in regard to the purposes of the issues of $25,000,000 of convertible debentures.

Mr. Goetz: We object to that. It relates to an outside investment that has nothing to do with the case. Of course, the company has very large outside investments that do not relate to the gas business.

The Master: I will take it.

Mr. Goetz: Exception.

Marked Defendants' Exhibit AA296.

CROSS-EXAMINATION BY MR. GOETZ: 34454

Q. Exhibit 81, which was prepared under your direction, and which was just put into this record—

The Master: Exhibit No. 81 of the former trial, which is Exhibit AA295 of this trial.

Q. (Continued.) Shows the investment in the gas manufacturing plant at Astoria, $5,560,000. As of what date was that?

The Master: Does it not appear from the paper itself?

Mr. Goetz: I am not sure.

A. That I assume to be as of October 31, 1905.

Q. As of October 31, 1919, what was the total investment in the plant and property of the Astoria 34455
Light, Heat & Power Company?

Mr. Chambers: I object to that as incompetent, irrelevant and immaterial.

The Master: Objection overruled.

Mr. Chambers: Exception. The investment in the Astoria Company?

The Master: Yes, you showed what it was at one date and I am going to let them show what it was at another date.

Mr. Chambers: It would have to be in the table that is all.

34456 Robert A. Carter, Cross.

A. The investment in the fixed capital alone—you were referring now to the Consolidated Company's investment or to the investment of the Astoria Company?

Q. I mean the total investment in the plant and property of the Astoria Company?

A. Made by the Astoria Company?

Mr. Chambers: We have not shown that. We have shown what the Consolidated advanced to them, that is all.

The Master: I am going to allow him to show
34457 this.

The Witness: The investment in fixed capital by the Astoria Light, Heat & Power Company as of October 31st, 1919, is $15,497,615.53. That excludes cash, material and supplies, accounts receivable and other investments of the Astoria Company than those properly included in the fixed capital account; as for example, moneys advanced for the construction of the Astoria tunnel which belongs to the East River Gas Company of Long Island City, and amounts advanced for the construction of the 60-inch and 48-inch mains connecting the Astoria plant and the Ra-
34458 venswood plant, representing also an investment of several hundred thousand dollars. So that the total investment as of October 31, 1919, of the Astoria Light, Heat & Power Company would be substantially over twenty million dollars.

Mr. Chambers: I object to his guessing at figures.

The Master: Objection overruled.

Mr. Chambers: Exception.

Q. Is it a fact that in 1912 or 1913 the Consolidated Gas Company under authority of the Public

Service Commission for the First District acquired bonds and stock of the Astoria Light, Heat & Power Company authorized to be issued by the Commission?

Mr. Chambers: I object to that as incompetent, irrelevant and immaterial, not proper cross-examination.

The Master: The question is allowed.

Mr. Chambers: Exception.

A. It acquired fourteen and a half million dollars of securities issued by the Astoria Light, Heat & Power Company by authority of the Commission, consisting of ten million dollars of capital stock and four and a half million dollars— 34460

Mr. Chambers: I object to that on the ground that the order of the Commission is the best evidence, and note an exception.

A. (Continued.) I am quoting from memory—four and a half million dollars of bonds.

Q. And since that time the Astoria Light, Heat & Power Company has made additions to its fixed capital in its plant and property?

Mr. Chambers: I object to that as incompetent, irrelevant and immaterial.

A. It has made substantial additions— 34461

Mr. Chambers: Mr. Carter, I do not want to run a foot race with you; wait a minute. I object to that on the ground it is incompetent, irrelevant and immaterial.

The Master: Objection overruled.

Mr. Chambers: And secondary evidence of the contents of the books of the Astoria Company, which are not in evidence.

The Master: Overruled.

Mr. Chambers: Exception.

34462 Robert A. Carter, Cross.

A. (Continued.) Since the issuing of those securities by the Astoria Company substantial additions have been made to the property of the Astoria Company.

Q. And have those additions brought the fixed capital of the Astoria Light, Heat & Power Company as of October 31, 1919, to the figures stated by you before—I think $15,497,615.53?

Mr. Chambers: I object to Mr. Goetz putting the words into the witness's mouth and testifying; on the ground that it is hearsay, secondary
34463 evidence, incompetent, irrelevant, immaterial, not the best evidence, and Mr. Carter does not know, he says he is quoting from memory.

Mr. Goetz: I am cross-examining your own witness.

The Master: Objection overruled.

Mr. Chambers: Exception. It is not proper cross-examination.

The Master: Objection overruled.

Mr. Chambers: Exception.

A. That is the case.

Mr. Chambers: What did you say—that is the case?

34464 The Witness: That is the case.

The Master: That is the case, he says.

Mr. Chambers: Those figures are correct?

The Witness: Yes, it is the fact that there have been additions since which have brought the value of the investment in fixed capital alone exclusive of the other items I have enumerated up to $15,497,615.53.

Q. You were asked before by Mr. Chambers with regard to the relation between the cost of the property acquired by the Consolidated Gas Company in 1884 and the value placed thereon through their own appraisal or through the issue of capital stock. What is your knowledge concerning the facts?

34465

The Master: Concerning what facts?

Mr. Chambers: I object to that. I did not ask that.

Mr. Goetz: Between the cost and the value Mr. Chambers asked that specifically, and that is the question on which they shut him off and would not let him complete his answer.

Mr. Chambers: I object to that as incompetent, irrelevant and immaterial. I did not ask him that.

Mr. Goetz: That is precisely what he asked. Mr. Chambers' memory must be very very fleeting.

34466

Mr. Chambers: The record will show what I asked him and what I did not, and what the Court asked him.

Mr. Goetz: He stood there and said, "Isn't that a fact, that the valuation did not represent the cost." Those are the words that you used.

The Master: I do not think I will take it, Mr. Goetz.

Mr. Goetz: All right, that is all.

The Master: Anything else this morning?

Mr. Clark: Yes, I have two other witnesses.

Mr. Chambers: I will not put upon the record that I have a certificate here from Mr. O'Brien, from his doctor, that Mr. O'Brien is still ill and cannot be here today.

34467

The Master: The record will note that I did not ask Mr. Chambers to produce any certificate, but the certificate reads as follows: "This is to certify that Mr. John P. O'Brien is still ill and confined to his home. He may possibly be able to go out tomorrow."

Mr. Goetz: What is the date of that?

The Master: I do not know. All I know about it is that the doctor's certificate ought to state

just what is the matter with the man, if he wants to make a certificate.

(Recess taken.)

The Master: Go on, Major Clark, and put in such other tables as you have.

ADNA F. WEBER, recalled.

DIRECT-EXAMINATION BY MR. CLARK:

34469 Q. Dr. Weber, have you made an analysis of the various stock issues of the complainant company in this case for the purpose of ascertaining what use was made of the money derived therefrom?

A. Yes, I have.

Q. I show you a table entitled, "Invested Capital of Consolidated Gas Company," and ask you whether you prepared that table yourself?

A. I did.

Q. Will you state what that table purports to show?

Mr. Goetz: We object to that on the ground that it is incompetent, irrelevant and immaterial.

34470

The Master: I will let him state what it purports to show.

Mr. Goetz: He is not qualified to make any such calculation or give any such testimony as to the facts.

The Master: I will let him state what it purports to show.

A. It is an analysis of the present capitalization of the Consolidated Gas Company, and a distribution of each of the issues constituting that capitalization, as between gas plants, working capital, the Astoria plant, and securities of other companies owned.

Q. What sources did you consult in preparing this table?

A. I consulted the ledgers of the company, Mr. Carter's Exhibits Nos. 80 and 81 in the old case, which were placed in evidence this morning.

Q. Also the letter from Mr. Carter?

A. Mr. Carter's letter of June 6, 1914, also placed in evidence.

Q. Will you state particularly where you derived the various figures on this exhibit, taking the first line?

A. The first line, the stock issue of $80,000— 34472

Mr. Goetz: I object to the witness giving figures, putting into the record figures which he is otherwise incompetent to give, and which he is incompetent even for giving.

The Master: He has already stated that figure. I will let him go ahead, but hereafter eliminate figures.

A. That is derived from Exhibit 80.

Q. The next figure on that line under "Plant"?

The Master: The amount of money shown under "Plant"— where did you get that?

A. All the figures on that line are derived from Exhibit No. 80. 34473

Q. The figures on the following line, "Premium on Stock"?

A. Also from Exhibit 80.

Q. The first figure there, "Premium on Stock," is that derived from that exhibit alone?

A. It is derived from Exhibit No. 80 and the ledgers of the company, recent ledgers of the company.

Q. And the following line?

A. The following line is from Exhibit 80.

Q. Take the last line where are those figures from?

34474 Adna F. Weber, Direct.

A. The last line, from Mr. Carter's letter of June 6, 1914.

Q. And the next time to the last.

A. The figure in the first column on next to the last line, is from Exhibit 80. The other figures are derived by analysis, by examination of these other sources.

The Master: What is the purpose of this?

Mr. Clark: The purpose of it is to show how much of the money that was put into capital stock was actually invested in the plant of the
34475 company, and how much was spent on other companies. We thought your Honor was desirous of finding that out.

The Master: How about earnings that went into additions to plant?

Mr. Goetz: How about stock being issued at $250 which went into the plant.

Mr. Clark: That is taken in in "Premium on Stock," stock issued in advance.

The Master: I will take it.

Mr. Clark: This only takes in actual proceeds from securities.

The Master: Your claim is that it shows
34476 $42,000,000 as investment in plant, does it?

Mr. Clark: There is another table that supplements this.

The Master: I will take this. Some of these statements and tables I am taking with a great deal of doubt. Personally I am inclined to disregard them.

Mr. Clark: Well, it is a very complicated situation, it is a matter that has to be analyzed.

The Master: I don't think so.

Mr. Clark: How they spent their funds that came in.

The Master: I will take it.

Mr. Goetz: The witness has not shown, for instance, from what source he has taken the distribution.

The Master: Oh, Mr. Goetz, he has not shown a lot of things, but I will take what he does show.

Mr. Goetz: I object to it as incompetent, irrelevant and immaterial.

The Master: Objection overruled.

Mr. Goetz: Exception.

Statement received in evidence and marked 34478
Defendants' Exhibit AA297.

Q. Dr. Weber, does this table purport to admit that all of the property under the title "Plant" is actually used and useful?

The Master: What is that?

Mr. Clark: Does this table purport to show that the amount invested in plant is actually used and useful for the purposes of this case?

Mr. Goetz: This is Exhibit 297?

Mr. Clark: Yes.

Mr. Goetz: I object to that. He cannot take these figures and afterwards attribute to them a meaning they don't have from the very configu- 34479
ration of this.

Mr. Clark: I want to bring out that this does not show that it is used at the present time.

Mr. Goetz: How can he state?

The Master: He is not saying it, he simply says he doesn't know one way or the other, or does not state one way or the other.

The Witness: I have simply assumed the book accounts.

The Master: He has not undertaken to say one way or the other.

34480 Adna F. Weber, Direct.

Q. Now, will you explain more in detail how you got at the figures, particularly in the last two lines of this exhibit?

The Master: What do you mean in the last two lines? Last two lines of the last two columns?

Mr. Clark: The last two lines above the total.

A. The last line, as I have already stated, is derived directly from Mr. Carter's letter to the Commission in case No. 1823.

Q. And the line above that?

34481 A. As to the line above that, that is the amount for Astoria, $5,342,400, is derived by subtraction. The total amount of securities of the Astoria which the Consolidated Gas Company has consolidated is $15,000,000. The other two amounts in the Astoria column, $5,500,000, and $4,097,600, having been established by subtracting the sum of those two items from the $15,000,000, I derived the amount of the Astoria securities that were taken in on that line to make up the $15,000,000. The amount in the column for "Plant," $9,476.07, represents the total additions to plant according to the book accounts, between October 31, 1905, and June 30, 1907, at which time

34482 all of the proceeds of this issue of 1904 debentures had been exhausted that $908,476.07, representing the maximum amount that could have been put into plant according to the books of account out of the proceeds of that issue.

Q. How did you arrive at that conclusion, that the proceeds from these debentures has been exhausted?

Mr. Goetz: I object to that, if your Honor please. The question is how he arrived at a conclusion. That is not a question calling for any statement of fact, for any knowledge, any

information, any data, how he arrived at a conclusion. I would like to know how he is qualified to give any conclusion about what the company invested?

The company has had outside investments from which it has derived a substantial profit which it has put back into the gas business. This witness attempts to tell the Court that there isn't any investment in the gas business except from the issue of securities.

The Master: He doesn't say that.

Mr. Goetz: That is what the question calls 34484
for, how he arrived at the conclusion.

The Master: No, how he arrived at the conclusion that out of $12,717,494.64, $908,476.07 went in to plant. I can figure it myself, but I will let the witness state it.

Mr. Clark: He stated that that was the total amount spent for additions during that period, that all of the proceeds of the debentures had been spent at that time, and they could not have spent any of these debentures for that.

The Master: I will let him answer the question.

Mr. Goetz: I take an exception. 34485

A. The situation is that the company has not kept a separate construction account. There is only one cash account, and moneys were spent from that cash account, and the only way you can make an analysis of the use of the proceeds is by dealing with the balance sheet, the balance sheet account; and at June 30, 1907, I found that the amount of cash on hand was less than $450,000, and on the other hand, that the company had borrowed on its notes $3,200,000. I inferred from that that the proceeds of the debentures had been by that time entirely exhausted.

Mr. Goetz: I move to strike out the answer, it is pure theory and speculation. The witness has no right to put into this record for another court even to use as an argument such a statement. It is only for that purpose, it is substituting argument for sworn testimony.

The Master: I will let it stand.

Mr. Goetz: Exception.

By the Master:

Q. What is this $4,097,600? Is that the difference between the total, $5,342,400 for Astoria and
34487 $4,097,600 of securities of other companies, and the $12,717,494.64?

A. No, sir, it is not derived that way. The plant account, June 30, 1907, stood at $48,573,400.98. On October 31, 1905, it stood, according to Exhibit 80, at $47,664,984.91. The increase during this period in plant account is $908,476.07.

Q. How did you get the other figure?

A. The figure in the last column is derived by subtraction.

Q. Subtraction of what?

A. Subtracting the $5,342,400 for Astoria, plus the $908,476.07, from the amount of the proceeds,
34488 which, according to Mr. Carter, were unexpended at October 31, 1905.

Q. Then the sum of $5,342,400, and $6,466,618.57, subtracted from $12,017,494 leaves $908,476.07?

A. That is true.

Q. Figure it up and see if it does.

Mr. Goetz: Here is a false label put on this, "Invested Capital of the Consolidated Gas Company," and these figures are juggled around—

The Master: I will put labels on some of these things so they don't go astray. As I figure it, the total is $11,789,018.57, which subtracted

from $12,017,494.64 gives $928,476.07 instead of $908,476.07.

Mr. Goetz: The importance of the accuracy of these tables to be demonstrated first by direct proof is shown by the fact that in checking up other tables of Dr. Weber we have found errors involving millions and millions.

The Master: I don't think there is a table put in from the Public Service Commission that is reliable.

Q. Am I right about that. Oh, I see I am in error, I put that down as $6,266,000, instead of 34490
$6,466,000.

Mr. Chambers: Then your Honor is in error?

Mr. Goetz: I will show your Honor errors of millions of dollars.

The Master: That is correct.

By Mr Clark:

Q. I show you another table entitled, "Sources of Funds Invested in Property and in Securities Owned by the Consolidated Gas Company, December 31, 1918," and ask you whether that was prepared under your direction?

A. I prepared it personally. 34491

Q. State the sources from which these figures were derived?

A. The principal source is the balance sheet in the annual report filed by the company with the Public Service Commission for 1918. The second column entitled, "Securities on the Assets Side" is derived from the exhibit just introduced, Exhibit No. AA-297. The other columns are arrived at by derivation.

Q. The final column is arrived at by subtraction from the other two?

A. By subtraction.

34492

Mr. Clark: I offer this table in evidence.

Mr. Goetz: I object to it on the ground that it appears that it is made up from data relating to the operations of the company outside of the gas business, to try to get into the record the balance sheet which your Honor excluded, by simply taking it from the annual report which this company is required by law to make to the Public Service Commission, and in that way evading your Honor's ruling. I think it is nothing less than contempt.

The Master: What is the purpose of this?

34493

Mr. Goetz: Pure propaganda.

Mr. Clark: The purpose is to show the sources of the funds.

The Master: What interest I have I got in that?

Mr. Clark: Well, whether it is investment or not; whether they invested it in these properties. It refers to the various capital stock issues. They proved the various capital stock issues first, and we are entitled to show what they used the money for.

The Master: I won't take it.

34494

Mr. Clark: I must except to your Honor's ruling. It is taken from the sworn statement of the company which shows what they used the money for.

The Master: I won't take it.

Mr. Clark: I ask that it be marked for identification.

The Master: Yes, you can mark it for identification.

Mr. Clark: Will your Honor state the reason for your ruling?

The Master: Yes, I am in substantial accord with the statement made by Mr. Goetz, that it

is an attempt to get in a profit and loss statement that does not belong in this case.

Mr. Clark: I except. It is not a profit and loss statement.

The Master: Yes, it is, it shows profit and loss.

Mr. Clark: It don't show profit and loss.

The Master: Yes, it does show profit and loss.

Mr. Clark: Well, only the total figure, yes.

The Master: Yes, it shows the profit and loss account, and I am not interested in that because 34496
it is the result of operations of other enterprises, other companies, other phases.

Mr. Clark: How are you going to unscramble this proposition without taking it. We didn't scramble them?

Paper marked Defendants' Exhibit AA298 for identification.

Q. Dr. Weber, will you turn to the balance sheets to which you have just referred. What do you hold in your hand, first?

A. The annual report of the Consolidated Gas Company of New York to the Public Service Commission for the First District, for the year ending December 34497
31, 1918.

Q. Can you state from that report what the fixed gas capital book cost is as shown on that balance sheet?

Mr. Goetz: I object to that on the ground it is not the best way of proving the facts.

The Master: Objection overruled.

Mr. Goetz: The fixed capital is a matter of book records, and the book is the primary record of it.

The Master: Objection overruled.

Mr. Goetz: Exception.

The Master: I am taking so much of these reports as contains the information the witness has been asked to read, as an admission against interest of fixed gas capital.

The Witness: $54,182,025.49.

Mr. Goetz: Dr. Weber has already put in evidence a table showing the fixed capital from year to year.

Q. The item Astoria stocks and bonds is what amount?

34499 Mr. Goetz: I object to that on the ground it is incompetent, irrelevant and immaterial, not confined to the gas business of the company.

The Master: Objection sustained.

Mr. Clark: Exception. The Astoria has nothing to do with this company.

The Master: The securities owned by this company have nothing to do with this case.

Mr. Chambers: Well, you let Mr. Carter testify a little while ago to the investments of this company in the Astoria.

The Master: Then it is on the record already.

Mr. Chambers: But not this particular figure.

34500 The Master: Yes.

Mr. Goetz: We did not offer it until—

The Master: Dr. Weber has shown by this Exhibit AA297 the investment of this company in Astoria is $15,000,000.

Q. What is the item for other stocks and bonds?

Mr. Goetz: Objected to on the ground it is incompetent, irrelevant and immaterial, and not referring to the gas business of the company.

The Master: Objection sustained.

Mr. Clark: I offer to show that the company owns other stock and bonds in which it has in-

vested the amount of $6,538,575.02, as shown on their annual report for the year 1918.

Mr. Goetz: I object to that and I also object—

The Master: I rule it hasn't anything to do with this case.

Mr. Goetz: I think it is improper for Major Clark to spread these figures on the record in that way.

The Master: I would not care whether they owned $500,000,000 of securities of other companies and were not making money out of gas. 34502

Mr. Clark: Why aren't we entitled to prove that?

The Master: I do not think it is in this case.

Mr. Clark: How else can you get it?

The Master: I don't know.

Q What is the amount shown for loans to affiliated companies?

Mr. Goetz: Objected to as incompetent, irrelevant and immaterial, not referring to the gas business.

The Master: Objection sustained.

Mr. Clark: I offer to show—

The Master: Don't state the amount. 34503

Mr. Clark: I offer to show the amounts shown in the annual report for loans to other companies.

Mr. Goetz: Same objection.

The Master: Objection sustained.

Mr. Clark: Exception.

Mr. Chambers: Why not state the amount in the offer? There is no jury here.

The Master: Because I won't permit it.

Mr. Chambers: Under the rule, I think you have got to.

The Master: It don't belong here at all.

Mr. Clark: What is that?

The Master: I won't allow it.

Q. Will you state what the amount is shown there for "All other Assets"?

Mr. Goetz: Objected to on the same ground.

The Master: I don't know whether that includes assets in the gas business or not.

Mr. Goetz: Well, my ground is that the question does not limit the answer to matters relating to the gas business.

34505 The Master: I don't know whether this does or not. I can see the fixed gas capital did, and I can understand the Astoria stock and bonds and other stocks and bonds and loans to affiliated companies, and I have ruled them out, but the other assets, I don't know what that means. I will let him state what all other assets are.

Mr. Goetz: Exception.

A. It includes materials and supplies, cash.

Q. State what the amount is there.

A. Accounts receivable and other current assets

Q. What is the amount?

The Master: Would that include Liberty

34506 Bonds and Treasury Certificates and things of that sort?

The Witness: Yes.

The Master: Well, you can give the amount, I will see whether it helps us.

Mr. Goetz: Same objection.

Q. What is the amount?

Mr. Goetz: Exception.

A. $12,162,309.66.

Q. What is the amount shown on the account as the capital stock of the company—capital stock?

Mr. Goetz: Same objection.

The Master: I will allow it.

Mr. Goetz: Exception.

A. $100,253,000.

Q. And premium on capital stock?

Mr Goetz: Same objection.

The Master: I will allow it.

A. $13,918,878.23.

Q. Convertible debentures?

A. $24,409,747.50.

Q. What is the amount shown for contingency account?

A. $11,801,659.48. 34508

Mr Goetz: Same objection.

Q. Renewal and replacement account?

Mr. Goetz: Same objection.

A. $98,681.35.

Q. Casualties and insurance reserve?

A. $827,888.48.

Q. Current liabilities?

Mr. Goetz: Same objection, it is not confined to the gas business.

The Master: Same ruling.

A. $7,308,926.63.

Q. Profit and loss?

Mr. Goetz: The same objection. 34509

The Master: Objection sustained.

Mr. Clark: Exception. I offer to show what the profit and loss—the amount at which the profit and loss appears on the liability side of the balance sheet.

Mr. Goetz: That is objected to on the ground it is not limited to the gas business.

The Master: I am sustaining the objection upon the ground that it includes business other than the gas business, and the result of conducting businesses other than the gas business.

Mr. Clark: Exception.

34510 Adna F. Weber, Direct.

Q. Dr. Weber, does there appear a difference between the assets and liabilities account insofar as capital stock goes in your statement?

Mr. Goetz: I object to that on the ground that it is not competent, material, relevant, it is not limited to the gas business.

The Master: I do not get the point of that.

Q. Can you state whether all of the debentures issue of 1904 were issued on December 31, 1918, whether that report shows?

A. Whether they were issued?

34511 Q. Whether they were converted or not; whether they had been converted at the time of that report?

A. It does not appear from this report.

Q. Where does it appear?

A. That would appear on the books at the time of the maturity of those debentures, and the books in subsequent years.

Q. Well, what do the books show, can you tell?

Mr. Goetz: I object to that, it appears clearly that the witness is guessing that it appears upon the books, because he assumes if the books are correctly kept it might be there, and he does not know it as a fact, and there hasn't anybody reported it to him.

34512 Q. Do you know what the books show?

A. Yes.

The Master: I will allow it.

Q. What do they show?

Mr. Goetz: Exception.

A. They show $41,100 of the issue of 1904 debentures were not converted into stock.

Q. And as to the 1915 debentures, can you state from the books how much of those had not been issued, or from the Public Service Commission report?

A. Yes.

Q. How much?

Mr. Goetz: I object to that.

The Master: Overruled.

A. $153,752.60 were never issued.

Q. All the figures except the $41,100 as to 1904 debentures are taken from the annual report of the Consolidated Gas Company to the Public Service Commission for the year 1918?

A. Except that and the last mentioned sum of $153,000. Yes.

Q. Except those two?

A. Yes. 34514

Mr. Clark: That is all we have for Dr. Weber.

The Master: We will suspend the cross so as to have it all together tomorrow morning. Dr. Weber, you will be here tomorrow at half past nine. Have you got another witness you want to put on?

Mr. Chambers: I have a witness at two.

The Master: No, put him on now.

Mr. Chambers: Well, he is subpoenaed for two.

Mr. Clark: I have got a man that we could take.

The Master: Go ahead. 34515

BENJAMIN COHEN, called as a witness in behalf of the defendants, being duly sworn, testifies as follows:

DIRECT-EXAMINATION BY MR. CLARK:

Q. Where are you employed?

A. Public Service Commission, First District.

Q. You are a statistician?

A. Accountant.

34516 Benjamin Cohen, Direct.

Q. In Dr. Weber's department?

A. Yes, sir.

Q. How long have you been employed there?

A. Approximately two years.

Q. I show you a table and ask you whether you prepared it, entitled "Consolidated Gas Company of New York, Station Cost, Labor and Material used in Gas Production, 44th Street Station, 1906 to 1913?"

A. I have prepared it and—that is, I prepared parts of it, and part was prepared under my direction.

Q. You had assistance in preparing it?

34517 A. Yes, sir.

Q. Did you check it also?

A. I checked most of it.

Q. Is it accurate?

A. Correct.

Q. And from what sources was it derived?

A. It is taken from the Operating Ledger, the record of manufacture, gas production statistics and other records which the operating ledger referred to.

Q. That you got up at the office of the company?

A. At the company.

The Master: Do you offer that?

Mr. Clark: I offer that in evidence, yes.

34518 Marked Defendants' Exhibit AA200.

The Master: Have you got copies to give the other side?

Mr. Clark: Yes, I have one copy. That is all I have now.

Adjourned to Wednesday, January 28, 1920, at 9:30 A. M.

Last Complainant's Exhibit No. 457.

Last Defendants' Exhibit AA200.

CONSOLIDATED GAS COMPANY OF NEW YORK vs. NEWTON, ETC., *et al.* 34519

Before ABRAHAM S. GILBERT, Special Master.

New York, January 28, 1920.

Met pursuant to adjournment.

Present: MR. VILAS and MR. GOETZ, of Counsel for Complainant.
MR. CHAMBERS, of Counsel for Defendant Newton.
MR. HAYWARD, MR. CLARK and MR. NEUMANN, of Counsel for Public Service Commission. 34520

Mr. Chambers: I would like to interrupt to this extent. At 10:30 a motion for an injunction in the Brooklyn Union case is on and I would like to go down for a little while there.

The Master: Where is it, right down stairs?

Mr. Chambers: Yes, it is before three judges.

The Master: That is right on this floor, then?

Mr. Chambers: Why, it may be on this floor. 34521
Judge Ward, Judge Mayer and Judge Knox.

The Master: Well, let us go ahead until 10:30.

Mr. Chambers: Maybe something will happen then by which I can come right back.

The Master: Whom do you want to cross-examine first?

Mr. Vilas: Dr. Weber.

ADNA F. WEBER, recalled.

CROSS-EXAMINATION BY MR. GOETZ:

Q. Dr. Weber, you have never had any experience as a bookkeeper or an accountant in any commercial enterprize, have you?

A. I am not a bookkeeper by profession. I have done something in the way of keeping books when I was in the high school. I have had books kept under my direction as an officer of the Albany Club, as treasurer of the Albany Club.

34523 Q. In the last five years that you have been the chief of your bureau of the Public Service Commission, how many times have you visited the 99th Street and 21st Street plants of the Consolidated Gas Company?

A. None.

By the Master:

Q. Let me ask you, Dr. Weber. You are the chief statistician?

A. In charge of the Bureau of Statistics and Accounts.

Q. Do these annual reports come to your bureau?

A. Yes. I make up the forms, recommend the

34524 forms to the Commission and the reports are referred to me.

Q. Well, now what are they referred to you for when they come to you, when they are filed?

A. Primarly for publication.

Q. Secondarily for what?

A. Secondarily for use as a public document.

Q. Well, isn't there any obligation on anybody in your department to see whether the reports are right or not?

A. To the extent that there are available funds, yes.

Q. Well, I am not concerned as to what your funds are; I am concerned as to what your duties are. Now, I see that frequent requests have been made to the companies to give further information or to make corrections of various kinds. Does that come through your department?

A. Yes. The method is this: We make such examination as it is possible to make of the reports in the office, by an internal check upon the reports; we do not have the force and staff to make any field investigation.

Q. You have the power? 34526

A. We have the power, certainly.

Q. And if you found that entries were improperly made by a field investigation you would have had the power to compel them to keep the books right?

A. That is true.

Q. Am I correct in the impression I get that because of lack of appropriation and staff you have not been able from time to time to go into the company's books and to check them up with the report?

A. Only partially true.

Q. To what extent is it incorrect?

A. We haven't the force and the staff to do that for each company for every year, and just—the Com- 34527
mission handles that just as it handled the matter of valuation. To make a valuation of all the plants in this City would take an immense amount of money. What the Commission has done is to make valuations of individual companies as the individual companies come up in a special case, and we make an examination of the books in the same way. When the special case arises, all of the employees we have available for field investigation are kept busy on those special investigations.

34528 Adna F. Weber, Cross.

Q. What I am getting at is this, there is the power, however—I have not looked at the statute—in the Public Service Commission to send your men to the company's offices from time to time to check up these reports?

Mr. Chambers: Just a minute. I will take objection to that upon the ground that it is a question of law. You don't want Dr. Weber to decide questions of law, do you? You can determine that just as well as he?

The Master: Yes I do.

34529 Mr. Chambers: Nothing is to be gained if he says the Commission has the power; you may say then they have it, and the courts may say they haven't the power.

The Master: Well, what do you say?

Mr. Chambers: I don't know; I think there is some doubt about it.

The Master: What do you say, Major?

Mr. Clark: I think there is some doubt about it.

The Master: But the practice has been where you have had appropriation to send your men into the company's office.

34530 A. At the time when it was necessary to make an investigation in connection with some special proceeding.

Q. And have you at no time sent a man to the books to check up the report, or any portion of it?

A. I won't say it is never done; I will say that when it has been done it has been only in an exceptional case.

Q. And the reason it is not done right along is because, as I understand, you say you haven't the staff or the appropriation, that is the only reason you do not?

A. Yes.

Q. If you had the staff or appropriation, you would have it done?

A. Well, that is a question of law and policy. I do not think that I can answer for the Commission on that.

The Master: All right, go ahead.

Mr. Clark: If your Honor please, I think your Honor misses the point that the mere fact the Commission does not make these people obey the law does not excuse them from not obeying the law.

The Master: No, this is the point in my 34532
mind. Since 1908 this company has kept its books, they said, in accordance with the directions of this Commission.

Mr. Chambers: And we say they have not.

Mr. Clark: We showed several instances where they have not.

The Master: I know all the instances you have named.

Mr. Chambers: There are more than that.

The Master: The query is, if this Commission had the power to compel them to keep their reports correct, have I the right to assume that they would exercise this power to do that, and 34533
should have exercised this power.

Mr. Chambers: Well, how are you going to compel them, how is the Commission going to enforce the order?

Mr. Clark: Suppose the Commission was derelict, does that excuse this company from committing a misdemeanor every year? Supposing they were derelict.

Mr. Chambers: They are in a court of equity here now, and they have got to show they complied with the law.

34534

The Master: I don't know whether it excuses the company, but what I am trying to find out is the shortest way to determine what it costs to make and distribute gas. Now, what I want is the most definite basis that I can find. Ordinarily a business concern having no intention to falsify its books or show improper entries, would be inclined to show as good a profit as possible. That is the human nature of the business.

Mr. Chambers: That is not so with the gas companies just now. They are carrying these miserable old plants here.

34535 The Master: I am talking now about the ordinary human nature of a business enterprise. Now, I start out with my knowledge of the ordinary human nature of business enterprises, that they keep their books in such form as to show the best return.

Mr. Chambers: Well, I can cite you some big companies here whose stock is listed on the Stock Exchange, who are hiding their assets, trying to deceive the public and everybody else as to how much money they are making.

The Master: That may be. I am talking about the average business concerns that I have

34536 come in contact with in the last twenty-five years.

Mr. Chambers: It depends on the viewpoint. If they want to gain something by making their returns good, they do so, and if they want to gain some other advantage by not showing that, they will do that.

The Master: That is what I am getting at. Will you let me finish my statement?

Mr. Chambers: I am so afraid you will get on the wrong track.

The Master: Well, I will get on the right track. You start with the proposition that ordi-

34537

narily 99 concerns out of 100 keep their books to show the most favorable result. Just now some concerns reduce their earnings for taxing purposes.

Mr. Chambers: I would not say that what you say is true at all of a public service corporation, and it has been shown from the very beginning they have always been trying to make the public pay more than the public should.

Mr. Goetz: That is all piffle.

The Master: However that may be—

Mr. Chambers: Away back the legislature has had them on the rack, since 1884. 34538

The Master: The fact is, or the point is in fact, that I must find some basis as nearly definite as I can, to determine a fact upon; I am not going to do it on opinions if I can avoid it. Now if I can base it upon these books and take these books so far as they show actual operating results, I am going to do it.

Mr. Chambers: The only thing is that if you take the value of their property—

Mr. Clark: You should look at the motive always.

The Master: Certainly.

Mr. Chambers: If you take the cost of property— 34539

The Master: Just now the average concern that has to pay the excess profits tax tries to keep its profits down.

Mr. Clark: Every public service corporation keeps the profits down.

The Master: Why?

Mr. Clark: If they put it up, they get the rate reduced.

Mr. Goetz: That is all ridiculous, these people standing here and telling your Honor that in

their opinion they do any such thing. The Commission has the power to go in and examine those books, and make them keep the books correct, if any of these defendant's counsel have ever had the responsibility of advising the Commission to that effect, and I have had that responsibility and have advised the Commission again and again, and the Commission again and again has exercised that power of going into the books of the companies and doing anything they pleased. Now, I myself have drawn resolutions and sent
34541 out Marvin Scudder in five minutes to seize the books of the companies, and their position is the veriest rot.

The Master: Has anybody got a copy of Judge Greenbaum's opinion?

Mr. Chambers: It is in the Law Journal.

The Master: What does he say about the cost of making gas? The newspapers don't seem to say anything about it.

Mr. Chambers: I have not read it.

Q. Dr. Weber, what has been your maximum staff in the Public Service Commission in the last two years?

34542 A. Somewhat under forty. You mean in my department?

Q. In your department of the Public Service Commission—how many accountants have you had under you?

Mr. Chambers: Objected to on the ground that it is incompetent, irrelevant and immaterial. The Public Service Commission is not on trial in this case.

The Master: Objection sustained.

Q. How many accountants were assigned by you to do the work represented in the schedules and tables

which you have put in evidence, how many accountants, statisticians and clerks, both in the field and in your office?

The Master: Including economists?

Q. Including all employes, clerks and stenographers.

Mr. Clark: That is, the schedules that Dr. Weber has put in evidence here?

Mr. Goetz: Yes.

A. I cannot very well distinguish those schedules from the schedules made by other men in our department.

Q. How many men have you in your department 34544
now, or have you had in the past few months?

A. You are asking me to distinguish my schedules from those of Mr. Frank and Mr. Cohen and Mr. Gottlieb?

Q. Mr. Frank, Mr. Cohen and Mr. Gottlieb and the others collaborated with you in collating the material which went into the schedules?

A. Yes—you mean taking them altogether?

Q. Yes.

A. Yes. It has varied from time to time. There have been on the average I should say about five men in the company's office, and an average of perhaps three or four more in my office. 34545

Q. Does that include the clerks and stenographers?

A. It would include the clerks but not the stenographers.

Q. Referring to your Exhibit AA-243, schedule 18, are the letters which you have attached to this schedule or the communications attached to this schedule the only ones which have been received by you or by the Public Service Commission in relation to this subject of General Amortization?

A. I suppose there are barrels of correspondence on that subject. In this exhibit I have given suff-

cient to explain the company's practice and the accounts which follow the same exhibits.

Q. Do you remember receiving this letter of July 21, 1917, signed by R. A. Carter, vice-president and secretary of the Consolidated Gas Company addressed to James B. Walker, secretary, Public Service Commission, First District?

A. Yes.

Q. Was that in response to a letter which was signed by the secretary and drafted by you? A. It was.

34547 Mr. Goetz: I offer in evidence the letter of July 21, 1917, produced from the files of the Public Service Commission and call your Honor's particular attention—

Mr. Clark: Do you want the whole letter?

Mr. Goetz: I call your Honor's particular attention to page 2, the correction on page 18, line 34, with regard to the Prescribed Accrued Amortization of Capital. Yes I want the whole letter, which shows all the corrections and questions raised by the Public Service Commission after a very close and minute examination of the report of the company.

34548 The Master: This is supplementary to the report to which it refers, is it?

Mr. Goetz: Yes. It is a very important item which I would like to call your Honor's attention to when we get to it.

Mr. Chambers: I object to that on the ground that it is a self-serving declaration.

The Master: I overrule your objection as being something that is supplementary to the report.

Mr. Chambers: But you are not going to hold us to the statements in there being the truth?

The Master: No.

Letter received in evidence and marked Complainant's Exhibit 458.

Q. Have you also seen this letter of May 8, 1918 from the Consolidated Gas Company signed by R. A. Carter, vice-president and secretary, addressed to the Public Service Commission, in regard to the annual report for the year ended December 31, 1917?

A. Yes. 34550

Q. Was that in response to a letter which was drafted by you and signed by the secretary?

A. It was.

Mr. Goetz: I offer in evidence the letter of May 8, 1918 from the Consolidated Gas Company to the Public Service Commission, and call your Honor's attention to the particular paragraph in regard to the account, "Accrued Amortization of Capital."

Mr. Chambers: I make the same objection

The Master: Objection overruled.

Mr. Chambers: Exception.

Letter received in evidence and marked Complainant's Exhibit 459. 34551

Q. Does the Consolidated Gas Company carry upon its books account entitled or bearing the words, "Accrued Amortization of Capital" such as you have used in this Exhibit AA-243, your Schedule No. 18?

A. At the present moment it does not. It has within this period, 1906 to 1918.

Q. For which years did it carry an account bearing the words, "Accrued Amortization of Capital"?

A. In the years 1911, 1912, 1913, 1914, 1915, 1916. There is an account on the books called either "Ac-

crued Amortization of Capital," or the related title, "Accrued Amortization."

Q. You are not sure which it is?

A. At this moment I do not recall whether it was the full title or the abbreviated title.

Q. Have you any reason to doubt my statement that the company never did carry an account upon its books bearing the words, "Accrued Amortization of Capital"?

A. Yes. This account was nominally the Commission account, I have no question about that.

34553 Q. In other words, what the company was carrying upon its books you deemed to be the account that you prescribed?

A. Certainly.

Q. And a compliance with the requirement which is imposed upon the company?

A. By no means whatever.

Q. But it did carry the account which you have prescribed?

A. An account of that name.

Q. Do you know whether the account which you have labeled, "Contingency," or the charges to the account which you have labeled, "Contingency," are

34554 included by the company as a part of its operating expenses?

A. Will you specify the year.

Q. At the present time.

A. No, I don't know as to the present moment.

Q. Or 1918?

A. In 1918, there was no charge made against income—

Q. I am asking you whether there were any charges made and included in operating expenses by the company, either upon its books of account or upon any report it made to the Public Service Commission during 1918, on account of contingencies?

A. No, sir.

Q. In 1919 is your answer the same?

A. I don't know as of 1919.

Q. 1915?

A. In 1915 there was such an item included in operating expenses in the annual report to the Commission.

Q. I beg your pardon. What is the answer?

A. In 1915 there is an item entitled, "Contingency" in the report filed by the company, with the amount included in operating expenses.

Q. To which page do you refer? 34556

A. On page 57, line 22.

Q. Isn't this account entitled, "Contingency, Renewals and Replacements"?

A. There are two items, one for contingency, one for renewals and replacements.

Q. How about 1916, 1917 and 1919; were any charges included in the operating expenses of the company on account of contingency?

A. No, not for 1916, 1917 or 1918.

Q. And in the statements which you published in behalf of the Public Service Commission, summarizing the reports of the companies for those years, is it not a fact that you have shown, "Appropriations to 34557 Contingency" to be a deduction from income and not as included in operating expenses?

Mr. Clark: He should include something in the question to show the witness what he is reading from. He is reading from something that I never saw before. He is reading from some kind of a blueprint.

The Master: It does not make any difference what he is reading from.

A. We have different publications. I do not recall them all.

Q. These blueprint summaries which I hold in my hand, you are familiar with those, are you not?

A. Yes.

Q. These are all signed by you?

A. Yes.

Q. You issue those every year, do you not?

A. Yes.

Q. As soon as the reports come in or as soon as you have had a chance to examine the reports?

A. That is right.

Q. In these reports for the years 1916, 1917 and
34559 1918, have you shown the charges or appropriations made by the company to contingency the part of its operating expenses or as a deduction from income treated as surplus?

A. May I refer to that?

Q. Certainly, there is one of them (handing witness blueprint). I ask you whether that is a fact as to this. Can you answer the question yes or no?

A. Not until I have the whole statement.

Q. Then if you cannot answer it we will prove this afterwards?

A. That is only part of the statement.

Q. I ask you whether in summarizing the annual re-
34560 port of the company for 1911 and 1912, you did not show the charges of the company on account of renewals and contingencies as a deduction from net corporate income or as an appropriation of surplus and not as an operating expense?

A. I do not recall without being able to refer to the statement which you mention.

Q. For how many years have you been issuing these summaries of the reports of the companies after they have been received by the Commission?

A. Since 1908, certainly. Possibly earlier.

Q. I show you this sheet and ask you whether you recognize this as part of the summary which you have issued for 1917 and 1918 (handing witness blueprint)?

A. Yes.

Q. I show you this sheet and ask you whether this is a part of the summary which you have issued for 1911 and 1912 (handing witness blueprint)?

A. Yes, it is part of the summary.

Q. Is it a fact that these bulletins or statements or summaries were issued for all gas companies subject to the jurisdiction of the Commission, which made 34562
reports in the years in which you issued summaries?

A. Yes, substantially all. There may have been one or two minor companies that were not covered in those preliminary abstracts.

Mr. Goetz: I offer in evidence the two sheets which I have shown the witness and which he has identified.

Mr. Clark: I object to the offer, as it appears that it is only part of the entire document.

The Master: You can put in the balance of it if you think it bears on the matter.

Mr. Clark: I offer the balance at the same time. 34563

Mr. Goetz: I have not got the balance: the balance will have to come from your own files.

Marked respectively Complainant's Exhibits Nos. 460 and 461.

Mr. Goetz: I call your Honor's attention to the part of this statement showing the net corporate income of the company for the years 1917 and 1918, following which is "Dividends," which is followed by "Appropriations to Contingency."

Mr. Clark: This is in evidence. What is the use of filling up the record with a lot of speeches?

Mr. Goetz: I am not filling the record with a lot of speeches; I am calling the Court's attention to what is in these documents.

Mr. Clark: You can do that in your brief.

Mr. Goetz: I won't have any brief; the case is already briefed by the facts.

Q. Is it not a fact that the company has for some years been treating the appropriations it has made to the account contingency as a part of its net income or surplus?

A. That is not my understanding.

34565 Q. Haven't you treated the account contingency as part of the company's surplus account?

A. I can speak only of specific years, because this account—the title of this account has varied from time to time; it has not always been entitled the same thing, and it is necessary to refer to it specifically in any one given year.

Q. Take every year that the company has had an account entitled "Contingency," isn't it a fact that the charges to that account have been made as an appropriation from surplus or net income?

A. My recollection is that in reports the charge for contingencies appears in three years only, 1913, 1914 and 1915, and in those three years it was in-

34566 cluded in operating expenses.

Q. Is it a fact that the company maintains an account entitled "Contingency," not substituting "Contingencies" or anything else that you have there? Do you know whether that is a fact or not?

A. Such an account was set up in 1915 by transfer of a certain balance from the account, "Renewal and Contingency."

Q. In 1916, 1917 and 1918, were the additions to that reserve made by any transfer from any other

account, or weren't they appropriations made directly from net income?

A. No, they report as operating expenses to the Commission.

Q. In 1916, 1917 and 1918?

A. Yes. May I see the reports on that?

Q. Yes (handing witness). You have a report there for 1916. Will you show me where the item for contingency is reported by the company as a part of the operating expenses?

A. The answer to the original question is that in the year 1916 a charge for contingency amounting to 34568 $814,756.33 was reported among the deductions from gross income.

Q. And not as a part of the operating expenses?

A. For 1916, yes.

Mr. Chambers: I wish the Court to suspend until I attend the Brooklyn Union hearing.

(Recess was taken.)

The Master: Note an adjournment at half-past ten on the application of Mr. Chambers, until 9:30 tomorrow.

Adjourned to Thursday, January 29, 1920, at 9:30 A. M. 34569

Last Complainant's Exhibit 459.

Last Defendants' Exhibit AA299.

CONSOLIDATED GAS COMPANY OF NEW YORK vs. NEWTON, ETC., *et al.* 34573

Before ABRAHAM S. GILBERT, Special Master.

NEW YORK, January 29, 1920.

Met pursuant to adjournment.

Present: MR. RANSOM, MR. VILAS and MR. GOETZ, of Counsel for Complainant.
MR. CHAMBERS, of Counsel for defendant Newton.
MR. O'BRIEN, of Counsel for defendant Swann. 34574
MR. HAYWARD, MR. CLARK and MR. NEUMANN, of Counsel for Public Service Commission.

DANA D. BARNUM recalled for further cross-examination.

BY MR. VILAS:

Q. Mr. Barnum, have you now produced the original letters concerning which you were interrogated by Judge Ransom on cross-examination a week ago? 34575

A. I have them here.

Q. Is this letter on the letterhead of the Gulf Refining Company, dated July 26, 1918, the original letter to which you referred as confirmatory of an oral agreement?

A. Yes.

Q. That letter was received by the Boston Consolidated Gas Company?

A. Yes.

34576 Dana D. Barnum, Cross.

Mr. Vilas: I offer that in evidence.

Mr. Chambers: I object to it as incompetent, irrelevant and immaterial, and upon the further ground that this is no evidence really of the price of gas oil, because it calls for a small amount, and might be really, I think, termed spot oil. They had a contract for oil, and this is an additional quantity.

The Master: I will receive it.

Mr. Chambers: Exception.

Letter received in evidence and marked Com-
34577 plainant's Exhibit 462.

Q. Is this paper, dated August 7, 1918, which you have produced your file copy of your reply to the letter of the Gulf Refining Company, dated July 26, 1918?

A. Yes, sir.

Q. Do you know it to be a correct copy?

A. Yes, sir.

Q. The original of this letter was sent to the Gulf Refining Company at Pittsburgh?

A. Yes, sir.

Mr. Vilas: I offer it in evidence.

Mr. Chambers: I object to this on the same
34578 grounds, and in addition that a small quantity of oil is mentioned there.

The Master: I will take it.

Mr. Chambers: And as not proper cross-examination.

The Master: Objection overruled.

Mr. Chambers: Exception.

Statement received in evidence and marked Complainant's Exhibit 463.

Q. Did the Boston Consolidated Gas Company receive or purchase any oil from the Gulf Refining Company under this additional or supplemental agreement?

Mr. Chambers: I object to that. It has all been gone over, I think, for one thing.

A. Under that letter just put in evidence?

Q. Yes.

A. Yes.

Q. You testified about that a week ago when you were here?

A. Yes.

Q. Is this letter dated December 8, 1919, which you have produced, the original letter to which you referred in your testimony a week ago?

A. Yes. 34580

Q. That letter was received by the Boston Consolidated Gas Company?

A. Yes.

Mr. Vilas: I offer it in evidence.

Mr. Chambers: I object to it as incompetent, irrelevant and immaterial, and not proper cross-examination, and no evidence of the price of oil in quantities, this being a very small amount in excess of the amount of the contract, and is of no consequence. Anyway, it further shows that the price was reduced from 1918, half a cent, showing that oil must have dropped.

The Master: Objection overruled. 34581

Mr. Chambers: Exception.

Letter received in evidence and marked Complainant's Exhibit 464.

Q. Is this paper dated December 9, 1919, your file copy of the reply which was made to the letter of the Gulf Refining Company of December 8, 1919?

A. Yes.

Q. You know that to be a true copy?

A. Yes.

Q. And the original of this letter was sent to the Gulf Refining Company?

A. Yes.

34582 Dana D. Barnum, Cross.

Mr. Vilas: I offer it in evidence.

Mr. Chambers: I make the same objection as to the last one.

The Master: Objection overruled.

Mr. Chambers: Exception.

Letter received in evidence and marked Complainant's Exhibit 465.

Q. Now, you have testified that the Boston Company has already purchased some oil from the Gulf Refining Company under this supplemental agreement?

The Master: Which supplemental agreement?

34583 Mr. Vilas: The one last referred to, December 8, 1910?

A. We are receiving some of that oil this month.

Q. Up to the present time how much oil have you received under this agreement of December 8, 1910?

A. I cannot say exactly. The last tank steamer, 1,300,000 gallons, I think was all under this contract.

The Master: Under the supplemental contract?

The Witness: Under the supplemental contract.

Q. There has been more beside that last tank steamer you referred to?

34584 A. The oil under this supplemental agreement comes in right on top of the fourteen million we received, and sometime this month changes over, and I can't tell you without checking up the receipt, exactly.

Q. You have received some of this oil under the supplemental agreement?

A. Yes.

Q. Have you made any tests as to the candle power of the gas produced with the use of this gas oil?

A. Yes, on last Monday I had some tests made.

Q. What candle power did your tests disclose?

Mr. Chambers: I object to that as incompetent, irrelevant and immaterial and not proper cross-examination.

The Master: I will take it.

Mr. Chambers: Exception.

A. The candle power obtained per gallon of oil on the tests that were made was 3.69 candles per gallon of oil.

Mr. Vilas: That is all.

RE-DIRECT EXAMINATION BY MR. CHAMBERS:

Q. Your original contract, as you have shown here, calls for 14,000,000 gallons? 34586

A. Yes.

Q. And there isn't any doubt in your mind, is there, but that you could have had a little more than 14,000,000 if you had covered it in the contract?

Mr. Vilas: I object to that. The contract speaks for itself.

The Master: I will allow it.

A. We could not have any more under the contract.

Q. No but when you made the contract you could just as well have had 20,000,000, couldn't you? You had no reason why you could not?

A. Mr. Richards made that contract in September, 1916. Whether he could have made more or less at 34587 that time, I don't know.

Q. Well, he assumed that that would be the requirements of the company, didn't he?

Mr. Vilas: I object to that.

Q. What were your requirements then, about 14,000,000?

Mr. Vilas: I object to that because the witness was not with the company at that time.

The Master: I will let the witness state if he knows what happened before he went with the company.

Q. Were you with the company then?

A. No.

Q. When did you go with the company?

A. November 1, 1917.

Q. What were your requirements then?

A. In the previous year they were a little less than 14,000,000 gallons.

Q. So that the president, when he made this contract, made it large enough so it would cover the requirements of the company then?

A. At that time.

34589 Q. Your sales of gas have increased apparently?

A. Some.

Q. Perhaps faster than you anticipated?

A. Not faster than they have averaged for one or two years before. Of course, conditions were abnormal, and it was impossible at that time to predict what they would be.

Q. Now, in regard to this candle power test, who made the tests?

A. Mr. F. H. Baker, chemist of the company.

Q. Did you make them?

A. No.

Q. You don't know anything about them?

34590 A. The man has been with us twenty years making these tests.

Q. You took his word for it?

A. I took his signature for it.

Q. His signed statement?

A. Yes, sir.

Mr. Chambers: I move to strike out what he says about candle power.

The Master: I will let it stand.

Q. What did he do, he reported to you that he got so much candle power out of a gallon of oil?

A. Yes.

Q. You don't know how he made the test?

A. I know the apparatus and the method and mode of making it.

Q. You were not there?

A. No.

Q. And didn't see how he did it actually?

A. I didn't see him.

Q. And he sent you a signed statement, did he?

A. Yes.

Q. And you don't know the conditions under which he made the tests, do you, the temperature and all that —personally I mean? 34592

A. I know the standard way of doing it.

Q. But you don't know whether he followed the standard way or not, because you were not there?

A. Not from first knowledge, no.

Q. Who asked him to make the tests?

A. I did.

Q. Did the complainant company ask you to have him make the tests?

A. No. We hadn't made any—last week when I was down here I was asked on the stand in regard to the question, and out of mere curiosity I wanted to see what we were doing, as we have not tested for candle power there regularly for some time. Candle 34593 power is obsolete in Massachusetts.

The Master: It is obsolete most everywhere else, except New York, isn't it?

The Witness: Yes.

Mr. Chambers: It is obsolete here, if they want to take advantage of it. There is an order in evidence here that they may return to the B. T. U's; don't forget that in this case.

Q. Now, you hadn't made tests for candle power in a long time?

A. I think it is a little over a year, maybe two years, that we had not made any official tests.

Q. As you said, you are working on a B. T. U. standard, which is the heating quality of the gas?

A. Yes.

Q. What is the specific gravity of this oil that you used when you made this candle power test, do you know?

A. I don't know exactly, but I know this—

Q. That had an awful lot to do—

Mr. Vilas: Let him finish his answer.

The Master: Finish your answer.

34595 A. I know this, that in the tank from which this oil was taken there had previously been some oil placed in there over .80 gravity; then there was some oil put in of about .28 gravity; and then some further oil of .26 gravity, so that the oil must necessarily be somewhere between .26 and .31, but the exact gravity I haven't got.

Q. There must be something the matter somewhere to get such poor candle power out of that gravity oil. What do you suppose was the matter?

A. That is the usual result.

Q. You mean all over, that is, that nobody can get out of a gallon of oil of that specific gravity any more than that?

34596 A. Operating as we do for the B. T. U., and testing according to the usual way, the amount of oil we used per thousand cubic feet, that is what I would expect to get from that oil, and I think it is what would be generally considered good practice.

Q. To increase the candle power what do you do?

A. Use more oil.

Q. Are you familiar with the testimony in this case?

A. No.

Q. All you think anybody can get out of a gallon of oil of that specific gravity is about—what was it, three and something candle power?

The Master: He did not say that. He said making gas as they do, in order to comply with the British thermal unit requirement, that is more than you could get out of it.

Mr. Chambers: I see.

Q. So you do not strive to make the candle power at all?

A. That is not one of the state requirements.

By the Master:

Q. How much oil do you use for a thousand feet of gas?

A. In this particular case we were using, on this 34598
gas that we tested, 2.92 gallons per thousand.

Q. 2.92 gallons per thousand you used to make the kind of gas that you required in Massachusetts?

A. Yes.

Q. And using it as you do, you can only get about 3.69 candle power out of one gallon of this oil?

A. Yes.

Q. So that you have got about 12 candle power, or less than 12 candle power?

A. Yes.

By Mr. Chambers:

Q. What B. T. U. would that be?

A. That would be approximately five-forty. 34599

Q. So that you should say if the candle power requirement did not exist, but if a British thermal unit of five-forty did exist, that gas could be made with a little less than three gallons of oil to the thousand cubic feet, and it would produce about or somewhat less than 12 candle power—what would produce the five-forty British thermal units?

A. Yes, that is substantially correct.

By Mr. Chambers:

Q. How many British thermal units in 22 candle power gas, approximately?

A. I do not think I ever made 22 candle power.

Q. I can tell you, but I thought maybe you knew.

A. I do not know.

By the Master:

Q. Have you figured necessarily the British thermal unit by candle power?

A. No.

Q. It does not follow at all that because you have a certain number of candle power you will produce a certain British thermal unit?

A. No.

Mr. Chambers: It varies?

34681 Q. You make your gas a little differently, I imagine, do you not?

A. I would not say we make it differently. Of course, the practice in operating might be somewhat different.

By Mr. Chambers:

Q. What do you get for your gas per thousand cubic feet up there in Boston?

A. One dollar.

Q. A dollar?

A. Yes.

Q. In the City?

A. Yes.

34682 Q. That is the State regulation, is it?

A. It is the price that we get under the sliding scale law of 1906.

Q. How low down, or what is the lowest price that you furnish a thousand cubic feet of gas for; I mean in your sliding scale is a dollar the maximum?

A. A dollar is the maximum.

Q. How far down does it run?

A. I have not got the scale here; I cannot tell you that.

Q. Is it seventy cents or something like that?

A. It is only for very large consumers that there

is some reduction. Just what that is, I do not remember.

Q. That is, you do not know whether it slides down to 70 cents or not?

A. I could not tell you.

Q. For the small consumers it is a dollar?

A. Yes.

Q. And then for the very large consumers, probably over 10,000 or 20,000 cubic feet?

A. I do not think there is any reduction until we get up around 50,000, but I am not sure about it.

Q. Did you say that price was fixed by the Com- 34604
mission?

A. The price is fixed by the sliding scale act of 1906.

Q. 1906?

A. Yes.

Q. It has not been changed in the last two or three years, has it?

A. Yes, under that act there was a provision that after ten years that price could be revised by the Commission on petition either of the company or the Mayor or Board of Aldermen of any of the towns supplied. That price could be revised if by reason of the change in the burden upon the company, or the cost of materials or labor or anything that the com- 34605
pany had no control over, and in 1918 we petitioned for a revision. At that time it was 90 cents, and the Commission in its decision stated that the increased burden gas companies were subjected to in that locality was over 30 cents per thousand, and they increased our price from 90 cents to $1.00 at that time. I might mention that we have a case before the Public Department in Massachusetts now asking that that be revised to $1.20 on the same basis, on the facts and under the law.

Q. That is pending undetermined?

A. That is pending now.

34606 Dana D. Barnum, Re-direct.

Q. That is for a further revision?

A. Yes.

Q. Is that before the same Commission?

A. Well, the Commission has been changed here in December. The old Gas and Electric Light Commission was abolished and a new Public Utilities Department formed, and this is under the new Commission, being held—was heard before the old Commission.

Q. So your company is interested in having rates increased?

A. I do not know of any company in the country is

34607 not.

Q. I know they are all trying just now to take advantage of the situation.

The Master: Well, apparently the Massachusetts statute contemplated just this very situation. For ten years they decided that rate should stand, then if there was any increase in the cost of labor or material they should increase the price accordingly. In 1916, 1917 and 1918 they looked into it and found that it cost 30 cents more per thousand feet to make gas and allowed this company 10 cents instead of 30 cents.

Mr. Chambers: No, he did not say they deter-

34608 mined that. The company claimed 30 cents more.

The Master: He said the Commission found it cost 30 cents more.

The Witness: They stated in their decision that the increased cost was not less than 30 cents.

The Master: And they only allowed them ten cents. Now, they are asking to have the additional increase.

Q. What was it, 90 cents?

A. Yes.

Q. From 1906 to 1918 it was 90 cents?

A. The sliding scale works somewhat in this way:

There is a standard price fixed and a base rate of dividends; the standard price was fixed at 90 cents and if the price was reduced five cents the dividend could be increased one per cent over the seven per cent allowed on the price of 90 cents.

Q. What dividend are you paying, do you know—your company?

A. We paid seven per cent last year.

Q. And did you before that? What dividends did you pay before that?

A. Well, we paid when the scale was first put into effect in 1906 7 per cent on 90 cents. The price 34610
was reduced to 85 cents and that allowed us 8. Then the price was reduced to 80 and we paid 9. Then it was reduced to 8 1/2 per cent, then to 7 per cent. Then finally the price was increased two years ago to 90, and under the 90 we could not pay more than 7 per cent.

Q. And you paid 7 per cent up to the present time?

A. Yes.

The Master: The Massachusetts statute has some intelligence in it.

Mr. Chambers: I wanted to see what they were operating under. It was brought out partly, so we might as well have it all. 34611

The Master: Sure, I have not the least objection.

Mr. Vilas: Neither have I.

Mr. Chambers: I think that is all.

The Master: That is very interesting testimony, showing how this thing may be regulated intelligently instead of stupidly.

RE-CROSS EXAMINATION BY MR. VILAS:

Q. Mr. Barnum, this gas oil that you have been using or receiving now do you know whether that is produced in a manner similar to the gas oil that is used in New York?

A. No, I do not.

Q. You are not familiar with the gas oil of New York?

A. No.

Q. How is the gas oil that you are receiving—what is it with respect to the crude?

34613 A. It is some form of distillate; just what I do not know.

Q. Is it a distillate that remains after certain oil has been taken off for the use of the Government?

A. I don't think that I can say what that oil is. I am not familiar enough with the oil distillation business.

Mr. Vilas: All right.

The Master: Do you want to go ahead with Dr. Weber now, Mr. Goetz?

Mr. Goetz: Yes.

Mr. Vilas: I would like the Commission to have copies of these exhibits made and substituted

34614 and return the originals to the witness.

ADNA F. WEBER recalled.

CROSS-EXAMINATION CONTINUED BY MR. GOETZ:

Q. Have you the annual reports of the Consolidated Gas Company there?

A. Yes, those are here.

Q. Dr. Weber, at the close of the session yesterday I asked you whether in 1916, 1917 and 1918 the

additions to the reserve for contingency were made by any transfer from any other account, or weren't they appropriations made directly from net income. You answered, "No, they report as operating expenses to the Commission." Then I asked you about the 1916 report, as to whether that is a fact, and you answered, "The answer to the original question is that in the year 1916 a charge for contingency amounting to $814,756.33 was reported among the deductions from gross income." Following up that question, is it not a fact, therefore, that so far as the 1916 report to the Commission is concerned the 34616
company reported the reserve for contingency as a deduction from net income and not as part of its operating expenses?

A. Yes, for 1916.

Q. And that agrees with the figure given in your Exhibit AA-243, $814,756.33?

A. Yes.

Q. For 1917 and 1918, is it not a fact also that the company reported the reserve for contingency not as an operating expense, but as a deduction of income taken out of the surplus?

A. It did for 1917, and for 1918 there was no charge made. 34617

Q. No charge at all made?

A. For contingent expense.

Q. You have conducted for the Commission the correspondence with the Consolidated Gas Company for a number of years, with regard to the differences of view as to accounts, covering depreciation, contingencies, renewals and replacements, accrued amortization of capital, and similar terms used to denote what you sought to have the company set up in its books of account and what the company refused to do?

A. That is correct.

Q. And you have been rather familiar with that correspondence both from the Commission and from the company?

A. Yes.

Q. Is it not a subject to which you have devoted a good deal of time in discussing, both with the company and with other companies?

A. Considerable time, yes.

Q. So that it is a subject with which you claim to be pretty well familiar?

The Master: He said that.

34619 Q. Now, I ask you whether it is the fact that in all the published statements issued by you since 1908—

Mr. Chambers: Public statements?

Mr. Goetz: Published statements.

Q. (Continued.) Which have been circulated among the public, bankers, companies and other persons interested, you have not treated all appropriations made by the company for contingent expense or for contingencies and for renewals as deductions from income and not as a part of operating expenses?

A. Oh, no, that is not so.

Q. For the years 1911 and 1912 that is so, is it not?

34620 The Master: Have you got something handy to show Dr. Weber there?

Mr. Goetz: Yes.

The Master: Show it to him (Mr. Goetz hands blueprint to witness).

A. In the preliminary abstract of 1912 that statement is true.

Q. For 1917 and 1918 is that statement true?

A. I would like to see the complete statement for 1918.

Q. Can you tell from that sheet whether it is so or not?

Mr. Clark: The point is this, your Honor: The doctor in the first page of this statement has a note opposite the figure. The complainant carefully leaves out the second pages, which apparently contain the explanation.

The Master: Hand that back to Mr. Goetz if that does not help you.

(Witness hands Mr. Goetz blueprint.)

The Master: Have you any other paper that you want?

Q. Can you answer the question yes or no?

A. Not without the complete statement. 34622

The Master: Have you the complete statement?

Mr. Clark: I have it.

The Master: All right, hand it to Dr. Weber.

(Mr. Clark hands witness blueprint.)

Mr. Goetz: I want the witness to answer yes or no to the question; I do not want any thesis.

Mr. Chambers: Oh, Mr. Goetz, in the trial of a case like this, yes or no?

Mr. Goetz: Yes, in the trial of a case like this.

Mr. Chambers: It is entirely improper, and you know it. 34623

The Witness: In the preliminary abstract for the year 1918 there was no charge made whatever for contingencies, and the charge made for renewals and replacements, plant withdrawn from service, is included in the abstract among the operating expenses, against the item General Amortization, with a footnote.

Q. For which year, 1918?

A. For 1918, yes.

Q. How about 1917?

A. I have not the 1917 abstract here.

34624 Adna F. Weber, Cross.

Q. Would not that statement which you have before you indicate what was the fact with regard to 1917? Haven't you got a column increase or decrease, which shows exactly what was the fact in 1917?

A. No, that column is put in merely for comparison and is on the same basis as the 1918. It gives the ratios and not the amounts.

Q. In this column "Increase or Decrease over 1917," showing an item for appropriation to contingency, $844,553.20 agrees precisely with the figures
34625 given in your Exhibit AA-243 under the caption "Contingency" in the third column, for 1917, $844,553.20; is that not the fact (handing witness blueprint).

A. Yes, that is true.

Q. So that for 1917 you must have or you did report in these abstracts which you sent out the charges made by the company for contingencies?

Mr. Clark: I object. This was all covered yesterday and he is going over the same ground.

The Master: Overruled.

Q. (Continued.) As an item of appropriation
24626 from surplus and not as an operating expense?

A. That would be the presumption, because this is made up by comparison. Whether the classification made in the published abstract for 1917 is exactly the same I would not know positively from this.

The Master: But you would assume it was?

The Witness: I assume it was.

Q. Does the company carry an account entitled "Depreciation Reserve" such as you have labeled your calculations here?

A. At the present time it does not. It has carried such an account during the period between 1906 and

1918. My recollection is that the last year in which it was carried was in 1913.

Q. An account bearing those words "Depreciation Reserve"?

A. An account called "Depreciation."

Q. But no such thing as "Depreciation Reserve"?

A. I do not believe that the word "reserve" was used in the title of the account.

Q. Are you familiar with Mr. Frank's Schedule No. 23, Defendants' Exhibit AA-129, in which he gives the details of the accounts included in operating expense for 1909 to 1918? 34628

A. Yes, in a general way.

Q. Was that exhibit made up with your approval and under your supervision?

A. Yes.

Q. You knew as a fact that Mr. Frank in making up that exhibit did not include in that exhibit as a part of operating expenses any charges on account of contingency, on account of renewal and contingencies, or even on account of renewals and replacements?

A. It was intended to reflect—

Q. I ask you whether you knew the fact or not, I am not asking what it was intended to show.

Mr. Chambers: I object. 34629

The Master: Yes, Dr. Weber can answer that question. Read the question.

(The question was repeated.)

A. Yes.

Mr. Chambers: I suggest he have a chance to finish his answer.

The Master: No.

Mr. Chambers: Your Honor is not going to let him explain?

The Master: Why, certainly, on your re-direct examination.

34630 Adna F. Weber, Cross.

Mr. Chambers: Well, why not let him now and save time?

The Master: Because Mr. Goetz apparently doesn't want to ask him that.

Mr. Chambers: Do you want him to explain, Mr. Goetz, and get this right?

Q. Now, take your Exhibit AA-244, entitled "Financial Results of Gas Business Conducted in the Name of the Company in the 10 Years ended 1909 to 1918, as disclosed in its Annual Returns to the Public Service Commission." What checking did you do of
34631 this exhibit to satisfy yourself that the figures in there are correct transcripts from the sources from which you say they were taken?

A. It was made—

The Master: What did you?

The Witness: I directed one man to check it after another man had made it.

The Master: Did you personally check it?

The Witness: I did not personally check it further than to test the final results through the last line on the sheet.

The Master: So that you can't say that the figures are right or not on it?

34632 The Witness: No.

Q. Do any of these footnotes which you have placed on this exhibit appear in the Annual Reports from which this exhibit is supposed to be taken by you or by your assistants, or are those footnotes your own comments?

A. They are my explanations.

Q. They do not appear to have been made by the company itself in its own reports?

A. No, they are explanations of any necessary changes and classifications in order to get the comparative statement.

The Master: They are your explanations of changes that you make?

The Witness: My explanations.

Q. Now, take that exhibit and tell me what figures you have shown for gas manufactured and gas from other sources, give me the total of them, will you, please?

A. Which year?

Q. For 1918?

A. The quantity of gas manufactured is 8,013,769,000 cubic feet.

The Master: What year is that for? 34634

The Witness: 1918.

Q. And gas from other sources?

A. 11,300,449,900

Q. Making a total of 19,314,218,900, is that correct?

A. Yes.

Q. Now, those figures were supposed to have been taken from the Annual Reports of the Consolidated Gas Company made to the Public Service Commission, were they not?

A. Yes.

Q. I show you Defendants' Exhibit AA122, and ask you to give me the figures shown upon that exhibit as 34635 having been taken from the annual reports for gas made, and the quantity of gas received for 1918, corresponding with your figures of gas manufactured and gas derived from other sources?

Mr. Chambers: I object to that upon the ground that the exhibit shows for itself. Why is it necessary for him to read off the figures?

Mr. Goetz: It leads to another question.

The Master: Well, I agree with Mr. Chambers, there is no necessity for him doing that. You can frame your question by—"I call your attention to

the fact that on this paper you have said this, and on the other paper you have said that."

Q. Now, I ask you—

The Master: What other exhibit are you referring to?

Mr. Goetz: I am referring now to Exhibit AA122 entitled, "Gas Production Sales of Consolidated Gas Company, Compiled from Data and Reports to Public Service Commission and Predecessor."

The Master: What is the variance between the two?

34637 Q. Can you explain the difference between the total figures just given by you for Gas Made During the year 1918 plus Gas Received from Other Companies of 19,314,218,900, and the Total of 19,287,855,000 shown upon Defendants' Exhibit AA122 as the Gas Manufactured and Received from Other Sources?

The Master: I don't quite follow this figure of 19,314,218,900.

Mr. Goetz: On Exhibit AA-244.

The Master: Yes, the first item is 8,013,769,000, isn't it?

Mr. Goetz: Yes.

34638 The Master: The next one is 11,300,449,900.

Mr. Goetz: Yes. Perhaps I can simplify that question.

Q. There is a difference between the two figures of 26,364,000 cubic feet of gas. Do you know why it is?

A. That is the exact amount of the loss in gas volume which would explain the difference.

Q. Isn't that recorded in the Annual Report of the Gas Company as a credit against the quantity of gas manufactured and sent out? Isn't that shown in red in the Annual Report of the Gas Company?

A. Yes, it is shown in red. It is not included in the make.

The Master: Why not?

The Witness: It appears under the make—between the make and the Amount Received under Agency Agreements, and Amounts Purchased.

The Master: Well, why didn't you include it in your make? You knew it was made, didn't you?

The Witness: You mean why I did not deduct it from the make?

The Master: No, why it was not included in the make. 34640

The Witness: It is included in the make: the make includes all.

Mr. Goetz: The question is, your Honor, what gas was sent out.

Mr. Clark: That is not what he says. He says Gas Manufactured; it does not say Gas Sent Out.

Mr. Goetz: Well, Gas Manufactured, there was a loss in gas manufactured due to the toluol extraction, and that was shown in the report, and it should be in the defendants' exhibit.

Mr. Clark: It had to be manufactured before it could be lost.

Mr. Goetz: No, it was not lost. 34641

The Master: In other words, this 26,000,000 cubic feet was taken by the Government, is that the idea?

Mr. Goetz: Taken by the Government before it went into the holders.

Mr. Clark: It was manufactured, however?

The Master: Is that the explanation, Dr. Weber?

The Witness: Yes, sir, that is the explanation.

The Master: Now, you have the explanation of that.

34642 Adna F. Weber, Cross.

Q. Now, please refer to your same Exhibit 244, Gas Received from Other Sources during 1914, in which you show the quantity to have been 11,611,910,100 cubic feet of gas; and to Defendants' Exhibit AA122, also compiled from the Annual Reports, showing for 1914 Gas Received from Other Companies 10,744,949,000 cubic feet of gas, or a difference of 866,961,100. Now, isn't it a fact that that difference exists between your exhibit and Defendants' Exhibit AA122, 1914 Gas Received from Other Sources?

34643 The Master: A difference of nearly 900,000 M cubic feet.

The Witness: Where is the 1914 report?

Q. Well, does the difference exist? Can you tell from the examination of that exhibit?

The Master: Does the difference exist between these two exhibits?

The Witness: Will you repeat the amount of difference.

Q. The 1914 gas received from other sources, your exhibit shows 11,611,910,100 cubic feet; Exhibit AA122 shows for the same item 10,744,949,000 cubic feet, a difference of 866,961,100 cubic feet of gas.

34644 Mr. Chambers: Well, now, are you comparing exactly the same figures? Isn't one net and one gross?

Mr. Goetz: No, comparing exactly the same figure.

Mr. Chambers: Are you sure one is not net and one is not gross?

Mr. Goetz: Taken from the same source and same line; I do not know what the witness took.

Mr. Clark: On Exhibit 122 it says deduct.

Q. Do you find any difference between those two figures?

34645

Mr. Chambers: Just a minute.

Mr. Goetz: I want to save time.

The Master: Don't you save time, Mr. Goetz, by calling attention to Defendants' Exhibit AA122, Note A, referring to gas from other sources, this is the net amount received after deducting amount sold or supplied to other companies.

Mr. Goetz: Does your Honor imply that is the explanation for the difference?

The Master: I should imagine so.

Mr. Goetz: Well, I then say that it is a fact that for all the other years in his computations of 34646
gas received from other sources he included such items, whereas this year he excluded that item of gas taken from this particular source.

The Master: Well, then, the way to get at it is to call attention to what he did, that is the way to do it. Isn't this what you did, Dr. Weber, in 1914, you did it one way and other years you did it another way?

The Witness: Of course, the purpose of that compilation is to make the quantities agree with the monetary amounts some gas furnished other companies will be treated in the accounts as a deduction from the expenses; other gas furnished 34647
other companies will be treated as a credit to revenue, and the entire purpose of this compilation is to put the quantities on the same basis as the monetary amount.

Mr. Goetz: My point is—

The Master: Well, you bring out your point. Isn't this what you did, Dr. Weber, in 1914—the very purpose of having these exhibits looked at is to save time and call attention to what was done. Just wait a second until he checks the figures.

A. It appears that the gas furnished to other companies was not deducted in that year, gas furnished under the agency agreement.

Q. Is it not a fact that in all the other years given in your computation of gas from other sources there was deducted from the company's account the quantity of gas supplied to other companies under the agency agreement?

A. Yes, that was the intention.

Q. I ask you whether there is a difference between the figures shown on your Exhibit AA-244 for gas
34649 sold during 1909, and the figures given on Exhibit AA-122 for gas sales during the same year?

A. Yes, there is a difference.

Q. Is it not a fact that a difference also exists in 1910, 1911 and 1912?

A. Yes. That is explained by my footnote A.

Q. You say it is explained by the footnote A?

A. I think so. That is, it is a small quantity sold to the Westchester Lighting Company which I have included, and which probably is not included in Exhibit AA-122.

Q. Take the report for 1909, and show me on what page and what line this difference between your com-
34650 putation and the computation made on Exhibit AA-122 appears?

A. On page 37 all the details appear.

Q. All the details appear, but those same adjustments were not made on Exhibit AA-122, apparently?

A. No, the whole difference is this—

Q. I ask you whether those adjustments were made?

A. It depends upon the purpose of the exhibit.

The Master: Were those adjustments made, do these adjustments appear on that exhibit?

The Witness: It is a question of definition.

Mr. Goetz: All right, the figures will show.

The Witness: In one case—

Mr. Goetz: I object to the witness volunteering.

Mr. Chambers: I think he ought to say. Mr. Teele made any explanations he wanted to, explained everything, and every time we asked Carter about the Rowland figures he proceeded to attack the Yalden figures, made a regular speech.

Q. Will you look at the annual report for 1914, and give me the figures on page 65, line 14, for unaccounted for gas during 1914? 34652

A. Gas unaccounted for 700,648,100 cubic feet.

Q. According to your figures for 1914, what is the quantity of gas unaccounted for?

A. That is the amount unaccounted for according to this form.

Q. But according to your computation on Exhibit AA244, what is the quantity of gas unaccounted for?

A. I do not show that item.

Q. How could you compute it from your figures? Can the unaccounted for gas be computed from your Exhibit AA244?

A. I think that would be a matter of engineering 34653 judgment.

Q. No, I am not asking you to express an engineering opinion, but I ask you whether that factor can be computed from your table, Exhibit AA244?

A. My answer is that that is a question for an engineer to answer.

Q. Looking at the 1909 annual report, tell me whether it is not a fact that in stating the quantity of gas from other sources for the year 1909 on your Exhibit AA244, you did not deduct from the figures reported by the company 52,239,000 cubic feet of

34654 Adna F. Weber, Cross.

gas supplied to other companies, in order to show the quantity of gas from other sources?

A. Yes, that was deducted.

Q. Is it not a fact that you added to the total sales reported by the company the same figures, 52,239,000 cubic feet in making up your Exhibit AA244?

The Master: Of gas sold?

Mr. Goetz: Of gas sold.

A. No, it was included in sales by the company.

Q. By the company itself?

A. Yes, page 37.

34655 The Master: Well, the fact remains that your figure includes gas sold to other companies?

The Witness: Yes.

The Master: Whereas it is deducted from gas supplied by other companies.

Mr. Goetz: No, if your Honor will let me try to straighten that out.

Q. Take the report for 1909 and read the figures there for gas sold during the year?

A. 15,246,598 M cubic feet.

Q. What have you stated to be the total sales for that year?

A. 15,298,837 M cubic feet.

34656 Q. Or a difference of 52,239,000 cubic feet?

A. Correct.

Q. Now, in stating the quantity of gas received from other sources, is it not a fact that you deducted 52,239,000 cubic feet from the figures reported by the company, to wit, 6,004,083 M cubic feet?

A. Yes.

The Master: In that respect this statement is in error?

The Witness: Yes.

Q. Will you please look at the annual report for 1912, page 48, column 1, line 14, and tell the Court

the figures there reported by the company as the total number of service pipes and fittings available at the close of the year?

A. 72,945.

Q. But your figures are 71,945, is that correct?

A. Yes.

The Master: Is that an inconsistency or an error?

The Witness: That is a typist's error. The figure in the original compilation was 72,945. It is an error in typewriting.

Q. I ask you whether the green ink computations 34658
shown upon page 50 of the company's annual report for 1913, were made in your department or whether they were so reported by the Consolidated Gas Company?

A. They were made by us.

Q. Were those changes authorized by the company in any communication received by you?

A. I should assume that they were.

Q. Have you got that communication here? You have in this book or volume a note of all the corrections authorized by the company. Have you any note authorizing these corrections made on that page in green ink? 34659

A. Of course that involves going through a great deal of correspondence. That page sums up some 25 or 30 pages of the report, and a correction on any one of those pages would affect this page.

Q. Is it not a fact that in the case of all corrections it has been the practice to ask for the correction of a specific item on a specific line on a specific page, and the company's answer to that request was noted in a book, and where it has not been answered it has not been noted?

A. Oh, no, that is not the case, because the request

is frequently put in this form, that such and such an item should be corrected, and derivative schedules based upon that schedule should also be corrected.

Q. Have you any correspondence there authorizing you to make the corrections on that page from the figures reported by the company to the figures shown in green ink?

Mr. Goetz: I may say that I have certain questions based upon the figures furnished by the company on that page, and on opening that volume I am astonished to find these changes, which
34661 do not agree with our copy of the annual report.

The Master: Base your questions upon the figures as they stood, and disregard the green items. Call attention to the fact that the original items as reported by the company before changed by the Commission were the items to which your questions refer.

Q. I ask you, Dr. Weber, whether it is not a fact that the company reported in its annual report for 1913, in the original black figures appearing on that page, as non-operating income, the amount of $30,489.44 for rent accrued from lease of gas plants —I ask you whether that is the fact?

34662 The Master: The question is whether those were the figures in black in the report as filed by the company.

Mr. Chambers: I object to that on the ground that the report speaks for itself.

Mr. Goetz: Then I make a motion to strike out that page of the report.

The Master: Objection overruled.

Mr. Chambers: Exception.

A. $30,489.44, rent accrued from lease of gas plant, that was the original uncorrected figure.

Q. Those figures appear under the caption of non-operating income, isn't that the fact?

A. That is correct.

Q. And on your Exhibit AA244 for 1913 you show as other gas revenue, under gas operating revenue, the figures $30,489.44, is that correct?

A. Yes.

Q. I ask you with regard to this Exhibit AA244 whether the term "Financial Result of Gas Business," with which you have labeled this exhibit, appears in the uniform system of accounts as a term?

A. No, I did not know that it appears anywhere. 34664

Q. Do you know that corporations have transactions which have nothing to do with its revenue and expenses and net earnings, and that these transactions are termed "Financial Transactions"?

Mr. Chambers: I object to that as incompetent, irrelevant and immaterial.

The Master: Objection overruled.

Mr. Chambers: What the corporations do generally, what kind of corporations, and so on.

The Master: Objection overruled.

Mr. Chambers: Exception.

Mr. Goetz: Any kind of a corporation. Financial transactions as distinct from operating results. 34665

A. No, I do not think that distinction is always made.

Q. Do you mean to say that all transactions of a corporation which have nothing to do with its revenues and expenses and net earnings should be termed "financial transactions" of a business it operates?

Mr. Chambers: I object to that as incompetent, irrelevant, immaterial and argumentative.

The Master: Objection overruled.

Mr. Chambers: Exception.

A. The term "financial" as distinguished from operating results is used to indicate that this schedule deals mainly with monetary amounts. Operating statements very frequently are confined to non-monetary items, physical statistics.

Q. Was it your intention in this exhibit to show the company's operating results, or in other words, its revenues and expenses?

A. Yes, surely—in the gas business.

Q. In the gas business?

A. Surely.

34667 Q. Well, why didn't you label that exhibit "Operating Expenses" or "Revenues and Operating Expenses" instead of "Financial Results"?

A. Because it would be a matter of information that would include something more than revenues and expenses.

Q. Take, for example, the figure shown in the 1910 column on Exhibit AA244 under the caption "Other Reported Charges."

The Master: Other what?

Mr. Goetz: Other reported charges.

Q. (Continued.) Do you not treat those items as charges against operating revenue?

34668 A. Yes, that is the indication.

Q. Have you ever treated them otherwise than as charges against operating revenue?

Mr. Chambers: Where?

A. Why, of course, these two items of taxes and renewals or contingencies—

Q. I asked you whether you have treated them elsewhere as charges against operating revenue?

A. Taxes, of course, have to be assigned to the different departments to which they apply. This does not represent necessarily all the taxes of the company; it is the taxes that apply to the gas business and that are reported in the gas operating statement.

Q. Have you always treated the item of contingencies as a charge against operating revenue?

A. No, the uniform system of accounts does not include contingencies in operating expenses.

Q. You do not imply by this exhibit that all the items under "Other Reported Charges" have been treated by you or treated by the company as charged against operating revenue?

A. They have been so reported by the company.

Q. Have they been treated so by you?

A. What do you mean by treated by me?

Q. Have you charge of the making of the annual 34670
reports?

A. Yes.

Q. To the legislature, in regard to the statistics of various public service corporations subject to the jurisdiction of your Commission?

A. I have.

Q. Have you had charge of that work ever since you have been connected with the Commission?

A. Yes.

Q. Now, I show you the annual report for 1910, Volume IV, pages 490 and 491, relative to the income account of the Consolidated Gas Company, under the caption, "Corporate Surplus," and ask you whether 34671
the figures shown by you in Exhibit AA244 for the year 1910 along the line of renewals and replacements, $1,604,427.28 was not there reported by you and reported by the Public Service Commission to the legislature as an appropriation from corporate surplus to reserves? I ask whether that is the fact (handing witness book)?

A. It was with the proper explanation.

Q. Have you seen Mr. Teele's Exhibit No. 366, entitled "Revenues and Expenses of the Gas Busi-

ness of the Consolidated Gas Company for the Years 1906 to 1918, inclusive"?

A. I have.

Q. Have you examined it carefully?

A. No, I cannot say that I have examined it carefully

Q. Was an analysis of this table made by your department or by your assistants?

A. No complete analysis, no.

Mr. Chambers: We have not had any time.

By the Master:

34673 Q. Why didn't you, Doctor?

A. It is part of the work—

Q. Why wouldn't it have helped me to have you analyze that statement and point out the errors that you found in that statement?

A. All of this work bears on the work we are doing.

Q. Why can't you prepare a statement for me showing the errors in Mr. Teele's statement?

A. That is in the course of preparation now. I sent to the stenographer's room this morning a statement, for example, on taxes on the item of taxes.

Mr. Goetz: Well, there was an analysis made

34674 and examination made of Mr. Teele's exhibits.

Mr. Chambers: Well, you have not given us the sign yet, Mr. Goetz.

The Witness: There are certain items.

Mr. Chambers: We had to prepare something ourselves.

By Mr. Goetz:

Q. I ask you whether in your experience as chief of the Public Service Commission's Bureau of Accounts you in reading that exhibit can find that Mr. Teele has included in operating expenses any of the charges for contingencies, or renewal and contingency

or renewals and replacements, treated by you in your Exhibit AA243 and Exhibit AA244 as reserves beyond the actual expenditures on account of renewals and replacements during the years from 1906 to 1919?

A. I believe he did not.

Mr. Chambers: Will you concede, Mr. Goetz, to that extent that 366 is an error?

Mr. Goetz: Why, we say 366 is correct: that is the point about it.

Mr. Clark: You have had a change of heart.

Mr. Goetz: We say this shows the net income. 34676

Mr. Clark: Charged to operating expenses up to the time of the case, and now you want to take it out.

Mr. Goetz: We say that is correct, and Dr. Weber confirmed it just now.

Q. With regard to Exhibit AA261, Dr. Weber, entitled "Financial Results of Gas Business Conducted in the Name of the Company in the Years 1909 to 1918," I ask you whether in your figures for mileage you have included any mileage outside of the Borough of Manhattan?

The Witness: Section 2?

Mr. Clark: Yes. 34677

A. No. As the statement reads, "Manhattan."

Q. But in the sales you have included the sales made to the Westchester Company of the Bronx, is that a fact?

A. For certain years that is true.

Q. From 1909 to 1912?

A. That is true.

Q. This figure of sales per meter for 1909 and for all the other years, instead of being 34,278.81 M cubic feet for 1909 ought to be 34,278 M cubic feet, ought it not?

A. Yes, that is in cubic feet instead of M cubic feet.

Q. The Exhibit AA261 therefore ought to be corrected so that line 2 instead of reading "Gas Sold M Cubic Feet per Meter" should read "Gas Sold per Meter"?

A. "Cubic Feet."

Q. Cubic feet?

A. Yes, that is very obvious.

Q. Dr Weber, in your examination of the reports of the Consolidated Gas Company with respect to
34679 the item of other gas operating revenue, or the examination made by your assistants, was not the fact disclosed that the increase in other gas operating revenue in 1909 of 3.18 cents to 9.32 cents over 1918 per thousand cubic feet of gas sold was due largely to the increase in the appliance business of the company?

A. That is a part of the increase, perhaps the largest part. The other increases would be in the rents.

Q. In the which?

A. In the rents—rents of office building and other rents.

Q. The other gas operating revenue for 1913 of
34680 5.65 cents is arrived at by including in gas operating revenue the item reported by the Consolidated Gas Company for 1913 of $30,489.44 as non-operating income, is that correct?

A. Originally reported by the company as non-operating income. I think you will find there is a correction made, authorized somewhere in this correspondence.

Q. I would like you to point out where the correction is authorized for the year 1913, for any such figure?

A. That will take some time to do, but it can be found.

Q. Well, we will not take the time, then, if you cannot point it out?

Mr. Clark: He said that he could find it, but it will take some time. It can be found.

The Master: I will take the witness's statement that it will take some time to do it.

Mr. Chambers: He can do it though.

The Master: But he can do it, and I will let it go at that.

Q. The correspondence between the company and the Commission concerning that annual report is all here, is it not? 34682

A. It is not here, but it is not necessarily in this file, because the same question may have come up in the following year and the correction authorized in connection with next year's report carried back to this year's report. That happens sometimes.

Q. I would like when you find that for you to come back to the stand and show me where it is.

Mr. Clark: Does that apply to the other corrections you have asked him about in green ink?

Mr. Goetz: Yes, certainly.

Q. Does the net production cost for 1909, as shown upon your Exhibit AA261, include any credit for residuals, do you know? 34683

A. No. As stated in the note, the first section, no credit has been made for residuals produced until 1916.

Q. The first section, what do you mean by the first section: there is only one sheet to this exhibit?

A. Financial results of the gas business.

Q. Is the residual account credited to production for the other years?

A. In and after 1916.

Mr. Goetz: I will ask your Honor's permission to suspend my cross-examination now. We

want to cross-examine Dr. Weber on this other exhibit, but unfortunately I had to be away most of the week and Mr. Vilas has examined the other exhibit.

Mr. Chambers: There is no objection to that, Mr. Goetz.

Mr. Goetz: I have half a dozen questions on the other exhibits.

By Mr. Vilas:

Q. Will you take Exhibit AA297 which is entitled "Invested Capital of Consolidated Gas Company"?

34685 A. I have it.

Q. Of what date is that exhibit supposed to speak?

A. As of December 31, 1918.

Q. 1918?

A. Yes.

Q. Now, you stated on direct that all the figures in the first line of this exhibit were taken from Exhibit 80 in the old case?

A. I stated all of them were?

Q. That is the statement on page 10497 of the mimeograph record of that date.

Mr. Clark: Let us see the testimony.

The Master: While he is looking that up.

34686 Doctor, tell me about this exhibit.

By the Master:

Q. You show here invested capital of the Consolidated Gas Company, the total cash proceeds from sale of securities one hundred and thirty-eight million and odd dollars?

A. Yes.

Q. Well, is that what their books show to be their entire invested capital?

A. Yes, sir.

Q. From the sale of securities?

A. Yes, sir.

Q. Then you show here securities of other companies owned?

A. Yes.

Q. Now, I notice in the second item $13,918,878.23 is precisely the same figure as in the first column?

A. Yes. The first column is the total of the other four columns.

Q. What do you mean by this premium on stock, $13,918,878.23? That is what they paid above par for certain securities?

Mr. Vilas: That is what they received.

The Witness: That is what they received. 34688
They received that amount of premium on the sale of their stock, and that in cash, representing that premium, was expended in the acquisition of securities of other companies.

By Mr. Vilas:

Q. The stock sold at as much as $250, didn't it?

A. I do not remember.

Q. The idea is that the $80,000,000 represents the par of the stock issued, and the $13,000,000 represents the premium that was received on the sale of that same stock?

A. That is right.

Q. And the first column by this exhibit you in- 34689
tend to show in the last four columns what you think was done with the cash proceeds shown in the first column?

A. That is correct

Q. In other words, it is in the nature of a sort of a balance sheet, isn't it?

A. No, I should hardly call it a balance sheet.

Q. Well, we would not call it a balance sheet strictly but it does—

A. I should say that it would show the capital account as the word "capital" has long been used.

as representing the amount furnished by investors either in the shape of share capital or of loan capital.

Q. Yes. And the first column as far as it goes, would represent the capital liabilities?

A. Yes.

Q. Which would appear upon a balance sheet?

A. Yes, that is correct.

Q. And the other columns represent, so far as they go, the assets which balance those capital liabilities?

34691 A. Yes, that is correct.

Q. But the exhibit does not purport to include all the assets of the company?

A. Oh, no.

Q. But is an attempt only to allocate the cash proceeds from the sale of the capital securities to certain items of property?

A. Yes. I attempted in the second schedule, which was not admitted to show all of the assets.

Q. Yes. And this other exhibit represents, really, your opinion as to where these various items of cash from the sale of securities went into the property?

A. That is correct.

34692 Q. And that, as a matter of practical effort, no man can tell where every dollar of cash capital goes into property, can he?

A. Well, Mr. Carter's exhibit, analysis down to October 31, 1905, must have had the same basis, and probably no other basis than mine has since that date.

Q. Except that Mr. Carter gave the best information he could from his knowledge of the company, and yours is based partly upon his exhibit and partly upon matters that you have discovered in the records of the company since then?

A. That is true.

Q. Now, turning to the question that I asked first, this item of $1,338,000 which you carry in the first line under the caption of "Working Capital," that does not appear in Exhibit 80 of the old case?

A. I should have said that is derived from the books, that item.

Mr. Clark: He did so testify.

Mr. Vilas: Well, I did not find it

Q. Now, from what books of the company did you derive this figure, $1,338,000, for working capital?

A. From the ledgers and journals. The amount originally authorized for working capital is 34694
$1,303,000.

Q. That is, in 1884?

A. In 1884.

Q. That is the amount set aside for the first issue of the stock?

A. Oh, in the final adjustment with some of the companies, not all of the stock called for by the agreement was actually issued. As a matter of fact, there was $35,000 called for by the agreement that was not issued to the Municipal Company, because the Consolidated assumed obligations of the Municipal to that amount. It had $35,000 of stock on its hands which was subsequently sold, and necessarily the amount 34695
would apply to working capital.

Q. You do not think that it would apply to the assumption of the obligations which it was received to cover, do you?

A. No, I do not.

Q. You assume, then, that it belongs in working capital?

A. Yes.

Q. And you have not, out of the entire $80,000,000 of stock which you showed, allocated any other items to the item of working capital?

A. That is correct.

Q. And if there is any more working capital on the books of the company, it, in your judgment, as disclosed by this exhibit, would come from other assets of the company than its capital securities?

A. That is correct.

Q. And that is the story that this exhibit tells?

A. Yes, it does.

Q. Then your title "Invested Capital of the Consolidated Gas Company" must be taken in a restricted sense in the use of the word "capital"?

A. I used it in, I should say, the oldest sense of
34697 the word "capital" which is the share capital and the loan capital, as they call it.

Q. And it is not taken in the broad sense in which it is sometimes used at the present time, as referring to all the assets of the company?

A. It does not, no.

Q. Now, Exhibit 80 in the former case purports to show a distribution as of October 31, 1905, of the then assets of the company among capital securities?

A. Yes.

Q. And Exhibit 81 on the following page of the old record shows the investment in detail of the tangible assets of the company, or purports to show it?

34698 A. Yes, purports to show the tangible assets in the gas business of the company.

Q. And the tangible assets of the Gas Company as shown by old Exhibit 81 are totaled at $61,827,949.63?

A. Yes.

Q. And in Exhibit 80, the total assets of the gas business is shown as $69,808,949.63?

A. Yes.

Q. And the difference between those two amounts is $7,781,000, isn't it?

A. Yes.

The Master: Is that franchises?

Mr. Vilas: That is the amount of capitalization of franchises and rights.

Q. So turning to that exhibit, the item which you show under plant in the second column of $40,018,400.86 must necessarily include this $7,781,000?

A. Yes, it must.

Q. So that to the extent that that latter amount is included in the $40,000,000 the word "plant" at the head of the column is a misnomer?

A. Yes; you would need a pretty long definition 34700
to describe that. One single word does not describe it. The term that we use now would be the fixed gas capital, which includes both tangible and intangible.

Q. This Exhibit 297 simply represents your best guess as to the distribution of the cash proceeds of these various securities?

A. Yes, my judgment.

The Master: Are those securities in addition to the securities originally issued at the consolidation?

The Witness: They include the securities issued at the consolidation.

Q. They include— 34701

A. (Interrupting.) They include everything.

By the Master:

Q. It starts off, this plant item must start off with the $40,000,000 for which stock was issued at the start?

A. Oh, yes.

Q. And you say that no money went into this plant since from any securities except this $1,586,000 and the $908,000?

A. Yes.

Q. How can you say that money did not go into the plant from the securities, and that other securities were not purchased from earnings?

A. Mainly upon Mr. Carter's testimony, and upon his statement filed with the Commission. They account for all except one item.

The Master: Let me see that old Exhibit 80 and 81.

Mr. Vilas: Is that what you meant when you referred to Mr. Carter's testimony?

The Witness: His exhibits.

34703 By Mr. Vilas:

Q. That is, you derived the figure of $5,560,000 from that exhibit as applying to Astoria?

A. Yes.

Q. And you derived from Mr. Carter's letter which is in evidence an amount of $4,097,000 as applicable to Astoria from later debentures?

A. Yes.

Q. And combining those two figures and subtracting from $15,000,000 which you assume as the capital of the Astoria plant, you arrived at the third figure in this column headed Astoria?

A. Yes.

34704 Q. And you assume from that arithmetical process that that amount of money of the June 30th, 1904, debentures went into Astoria?

A. The 1904 debentures?

Q. Yes.

A. Yes.

Q. And that the balance must be assigned to plant?

A. To plant and to securities of other companies.

Q. And the capital stock of the Gas Company as of December 31, 1918, was $100,000,000?

A. On the balance sheet it appears at $100,253,000.

Q. But it does not appear in that form upon your Statement AA297?

The Master: You only show $80,000,000 of capital stock issued, don't you?

The Witness: That is all of the stock that appears in this statement, $80,000,000.

By the Master:

Q. How much have they actually issued?

A. They have actually issued $100,253,000.

Q. Well, what becomes of the other $20,000,000?

A. That was issued to the holders of the debentures. These were convertible debentures convertible 34706
into stock, and those debentures were converted into stock. The $20,000,000 of debentures, I say primarily $20,000,000 of the 1904 debentures were converted into stock, and are now no longer outstanding.

Q. Those debentures are no longer outstanding?

A. They are no longer outstanding.

Q. So that there were two debenture issues?

A. Two: 1904 and 1915.

Q. $20,000,000 and $25,000,000, and the $20,000,000 debentures have been absorbed into stock?

A. Yes.

Q. So that it makes $100,000,000 of capital with $25,000,000 of debentures out? 34707

A. Yes, that is correct.

Mr. Vilas: That is all I have now.

RE-DIRECT EXAMINATION BY MR. CLARK:

Q. Can you identify these papers which I now hand you?

A. I have in my hand two sheets of blueprints entitled "Comparative Statement of Operations in 1911 and 1912, Compiled from Returns of the Consolidated Gas Company of New York."

Q. Is that the second and third page of the statement of which the first page was put in evidence by the complainant?

A. Yes.

Q. And those two pages contain some explanation of the items concerning which you were asked yesterday?

A. The second page contains the explanatory notes of the first page.

Q. And as to the figure that you were asked about yesterday, there is a note on the first page, that is a figure on the first page, which refers to a note on the second page?

A. Yes.

Mr. Clark: I offer these second and third
34709 pages of this table in evidence.

The Master: I do not understand the third page is explanatory at all.

Mr. Clark: It is part of the first document.

The Witness: There are only two pages for 1912.

Mr. Goetz: I object to this on the ground that it appears that this purports to be a statement taken from the annual report of the Consolidated Gas Company, or the first sheet does, which was put in evidence, and Sheets 2 and 3, the succeeding sheets, or Sheet 2, is a comment of the witness in no wise reflected or shown in the annual
34710 reports and is a way of getting in testimony of this witness which he is not giving in the course of this trial.

The Master: I will receive it.

Mr. Vilas: Do you receive it because they are the rest of the document?

The Master: Yes.

Mr. Vilas: That is not an inflexible rule.

The Master: Well, it will be my rule as to this exhibit, mark the second page in evidence.

Mr. Vilas: The rule does not apply to the reception of irrelevant or immaterial matter be-

cause it happens to be a part of the same document.

The Master: Yes.

The papers were marked Defendants' Exhibits AA300 and AA301.

Q. I show you those documents, Dr. Weber, and ask you whether that is the report concerning which you were asked questions yesterday as to certain figures on the first page?

A. This is entitled "Comparative Statement of Operations, 1917 and 1918, Compiled from the Returns of the Consolidated Gas Company." 34712

The Master: The major asked you whether you were asked about this yesterday?

The Witness: Yes, sir.

The Master: This is the paper?

The Witness: Yes, sir.

Q. You were asked questions about the figures on the first page?

A. Yes, sir.

Mr. Clark: I offer the rest of it in evidence.

The Master: The first page was received in evidence?

Mr. Clark: Yes, sir.

The Master: The two other pages will be received in evidence. 34713

Mr. Goetz: Your Honor reserves the question of materiality?

The Master: In my consideration of the whole case. It is utterly impossible for me, of course, to carry this mass of figures. When all the evidence is in I am going to ask counsel to state their claims and refer to the tables and figures, and analyze the testimony, and in the light of the testimony as I have heard it go in, the general basis on which I believe the facts ought to be determined, I shall determine the figure.

Paper received in evidence and marked Defendants' Exhibit AA302.

Q. This question of pipes, where there was a typographical error, 71,000 instead of 72,000, does that require any further corrections in the table?

A. Section 2 is a derivative table. That might possibly be affected. Can this be corrected later?

The Master: Yes, that can be done. The question is withdrawn.

Q. Dr. Weber, will you explain why it was you contended with the Consolidated Gas Company that they
34715 should not charge to operating expenses this account which they set up as "Accrued Amortization" at first, and later as "Contingency Account."

Mr. Goetz: I object to that on the ground it is incompetent, irrelevant and immaterial.

The Master: I will allow it.

Mr. Goetz: Exception.

The Master: You brought out that he did have this contention. I will let him state the theory.

A. I held that it was not in accordance with the rules prescribed by the Commission.

The Master: And they said it was?

34716 The Witness: The company contended that it was in substantial compliance with the rule, or later that the Commission was without authority to prescribe a definite rule which the company could not modify.

Q. Did their change of front in that regard, I mean the change in their reason for wanting to put this in operating expenses, follow the decision in the Kings County case as to depreciation?

Mr. Goetz: I object to that. There hasn't been anything in the record to show that they wanted to put this depreciation reserve or de-

preciation charge into operating expenses. Mr. Teele's exhibit shows that all these things were excluded from any computation—

The Master: I sustain it upon the ground that it is not material whether it followed the Kings County decision or not

Mr. Clark: I think it is material, the reason why they changed their contention.

Q. As a matter of fact the company did carry this account in its operating expense for many years, did it not?

Mr. Goetz: Which account? 34718

Mr. Clark: This reserve, general amortization, contingencies.

Mr. Goetz: I object to that.

The Master: I will allow it.

Mr. Goetz: The question is not specific. Specify the year and specify the account. I don't want Dr. Weber's interpretation of their account to go in as having been included in their account. I object to the question as indefinite and confusing.

The Master: I will allow it.

A. In the years 1909, 1910, 1911 and 1912 it was reported to the Commission under the caption, "General Amortization." 34719

Q. From 1909 to 1912?

A. Yes, sir.

Q. And after 1912?

A. In 1913 and 1914 it was reported in operating expenses as "Contingent Expense."

Q. And following that?

A. In 1915 there were two items reported in operating expenses, "Contingent Expense," and "Renewals and Replacements."

Q. How about 1916 and 1917?

A. I have already testified as to 1916 and 1917.

The Master: How about 1918?

The Witness: For 1918 there was an item for "Renewals and Replacements" only, in operating expenses.

Q. In 1918 was there any amount set up either in or out of operating expenses pursuant to the memorandum that provides that five cents per thousand cubic feet shall be charged to operating expenses for contingencies?

Mr. Goetz: I object to that, if your Honor please. The document from which Major Clark
34721 reads shows that it is an appropriation from surplus, and he says, was it taken in or out of operating expenses. It was not taken in and it was not taken out, it was an appropriation out of service, and not operating expenses, and Mr. Teele's exhibit shows that. I don't think the witness ought to be permitted to spread his views in an answer to a question which is so confused.

Mr. Clark: It says, "Charge five cents to operating expenses"—

Mr. Goetz: For what?

Mr. Clark: Charge to operating expenses five cents per thousand cubic feet of gas sold for the
34722 purpose of providing for contingencies, casualties, etc.

Mr. Goetz: You are asking for 1918.

Mr. Clark: That is still in force and effect, isn't it? That is the last thing they filed.

Q. Was there any amount set up under that clause during 1918?

A. I think in 1918 there was not.

Q. No amount at all, and the amount of three cents in the following paragraph of the same memorandum for "Renewals and Replacements," was set up in operating expenses?

A. That is correct.

Q. Of this reserve which has been accumulated during these years, can you state approximately how much of it has been charged to operating expenses by the company, pursuant to their resolutions, and how much has been charged to non-operating expenses?

Mr. Goetz: I object to that on the ground that any answer the witness could make to that question from any knowledge that he has is already shown upon the exhibit he has put in evidence. The purpose of the exhibit is to show what are the charges which the witness attributes to certain accounts, whether they have been set up by the 34724
company or not. It is redundant, and the question calls for a confused answer.

The Master: Objection overruled.

Mr. Goetz: Exception.

A. I think that has been covered in my testimony already, that—

Mr. Goetz: I object to any further answer.

A. (Continued.) That all of the reserve has come through operating expenses with the exception of specified amounts, something over $800,000 in 1916 and in 1917.

Q. With the exception of those two $800,000 items, all of this amount has come from operating expenses? 34725

A. As appears from the reports of the company to the Commission.

Mr. Clark: That is all.

The Master: Anything else, Mr. Goetz?

By Mr. Goetz:

Q. In Exhibit 366 of Mr. Teele, which you saw a while ago, none of these reserves are included in the expenses beyond the actual expenses for renewals and replacements, is that correct?

A. I believe that to be correct.

Q. Is it not a fact that the attitude of the company has been stated to you and to the Commission to be as follows: "This Company," that is, the Consolidated Gas Company—

Mr. Clark: I object to that. This is in evidence.

Q. (Continued.) "This Company has never made any provision for the amortization of its capital. Its contention is and always has been that such a provision would involve the imposition of an improper charge against the public for the company's service. No such
34727 charge therefore has ever been made."

Has that been the statement and the contention of the company to you and to the Commission?

Mr. Clark: What is the date of that letter, Mr. Goetz?

Mr. Goetz: The date of this letter is July 21, 1917, and applies to any time, it says the company has never made any such charge.

A. I do not know that that has always been so.

Q. You are familiar with this statement of the attitude of the company?

A. In that year, yes.

Q. Has the company made that statement or contention in any other years?
34728

A. I do not recall the precise contention in the very first years.

The Master: Is there anything else?

Mr. Goetz: That is all.

(Witness excused.)

34729

WILLARD F. HINE, recalled:

Mr. Chambers: I hand to counsel for the other side the hypothetical questions, just prior to the delivery of them by word of mouth.

Q. Assuming Mr. Hine, that the testimony in this case shows the Consolidated Gas Company and its affiliated companies, namely: the Astoria Light, Heat & Power Company, the Central Union Gas Company, the Northern Union Gas Company, the New Amsterdam Gas Company, the Standard Gas Light Company and the New York Mutual Gas Light Company formed 34730
a system which supplied gas to consumers in the Borough of Manhattan and the westerly portion of the Bronx;

Also, that the plants of these companies were so connected that gas could be and was supplied to the distribution system in the aforesaid territory;

Also, that gas supplied to such distribution system passed to and from the holders owned by the aforesaid companies in the said territory in such a way as to make it impossible to distinguish gas furnished from any one manufacturing plant or to determine from which manufacturing plant or holder station the gas furnished was received;

Also, that the maximum day's make in each of the 34731
plants of the aforesaid system was as shown by Defendants' Exhibit AA138;

Also, that the plants of all of the companies heretofore mentioned, including the 14th Street and the 42nd Street plants had rated manufacturing capacities as shown on Defendants' Exhibit AA132;

Also, that in the said two plants gas was manufactured at a cost considerably in excess of what gas was made for in other plants of the complainant company as shown on Defendants' Exhibit AA131, as testified to by the witness Charles Frank;

Also, that it would have taken at least two weeks to bring any portion of either of the said plants from a cold condition to one where gas could be produced;

Also, that the holder capacities of the aforesaid companies were as shown on Defendants' Exhibit XX124;

Also, that the various holders owned by complainant company were of the capacities as shown by its reports to the Public Service Commission;

Also, that the complainant had storage facilities at the 21st Street station, and in other parts of the city,
34733 as testified to by the witness Ahrich;

Also, that the land owned by complainant was occupied, as testified to by the witness Ahrich;

Are you able to say whether the 14th Street manufacturing plant, including Block 989, Lot 26, Block 985, Lots 7, 19 and 20, Block 982, Lot 13, Block 988, Lot 1, Block 991, Lots 1, 26, 47 and 50, and the property located on all the aforesaid lots, and the 42nd Street manufacturing plant, including Block 1089, Lot 1, Block 1107, Lot 7, and Block 1090, Lot 23, and the property located on all of the aforesaid lots were needed for the proper and economical production and distribution of gas in the territory supplied by the
34734 aforesaid companies?

The Master: To what period is this question directed?

Mr. Chambers: As to any period when it is true.

Mr. Vilas: I object to the question as incompetent, irrelevant and immaterial; as including in the hypothesis false assumptions, first, that all the statistics referred to in the hypothetical question are as of the year 1918 and not as of the present time; secondly, that the maximum day's make in each of the plants as purported to be

34735

shown by Defendants' Exhibit AA138, is as of a period prior to December 31, 1918, and has been shown to be inaccurate and untrue; also that the rated manufacturing capacity of the various plants including the 14th and 42nd Street plants of the complainant company, purporting to be set forth on Exhibit AA132, are incorrect and untrue; also that the assumption that in said two plants gas was manufactured at a cost considerably in excess of what gas was made for in other plants of the complainant company, as shown on Defendants' Exhibit AA131, is untrue, and not in accordance with the facts; also that it is not in 34736
accordance with the fact that it would have taken at least two weeks to bring any portion of either of said plants from a cold condition to one where gas could be produced, it having been made to appear that in ordinary and prudent operation of such plants they could be heated up in advance and ready for use on very short notice; also, that Defendants' Exhibit AA124, purporting to show holder capacity of the aforesaid companies has been shown to be inaccurate, incorrect and untrue; and the assumptions in the hypothetical question of the facts set forth on said exhibits are therefore inaccurate; also for the reason that the 34737
last paragraph of the hypothetical question assumes the ownership and use by the complainant company of certain real estate which the evidence shows has been in part condemned and taken by the City of New York; also on the further ground that the witness has not been shown to be qualified to express an opinion upon the subjects mentioned; also that the assumptions contained in the hypothetical question are incomplete and inadequate as a basis for the expression

of an opinion, and ignore other indispensable facts in determining the necessity of the use of said plants.

The Master: I will overrule the objection.

Mr. Vilas: Exception.

A. Yes.

Q. Will you please state?

Mr. Vilas: The same objection to the stating of the opinion by the witness.

The Master: Same ruling.

Mr. Vilas: Exception.

34739 A. In my opinion they are not.

The Master: What do you mean, they are or they were?

Mr. Chambers: They were not needed.

The Master: When?

The Witness: They were not when these conditions were so—going back through these statistics as given in those various exhibits.

Q. And they were not necessary, in your opinion?

A. That is true.

Q. And in the year that those hypotheses are true and correct, your answer would be the same?

A. It would.

34740 The Master: And if the hypotheses and the assumptions on which the question is based are incorrect then the whole answer falls?

The Witness: Surely.

Q. No. 2. Assume that the testimony shows in this case that the manufacturing plant of the complainant company known as the 21st Street plant comprised the property shown in pink on Complainant's Exhibit 178, Sheet 5—that is Block 952, Lot 29—the part of said property shown in pink had no structures thereon and was used only for storage purposes, that Block 952, Lot 30, had erected thereon a brick structure

which was used for storage purposes, also that the land owned by the complainant was occupied as testified to by the witness Alrich, are you able to say whether or not the said Lots 29 and 30 were needed for the proper and economical production and distribution of gas in the territory supplied by the complainant?

Mr. Vilas: I object to the question on the ground, in the first place, that the witness has shown no qualifications whatsoever to pass an opinion upon that question; on the ground that the assumptions in the hypotheses of the question are not in accordance with the evidence in this case, which shows that both the lots in question, as described in the question, are actually occupied and used by the complainant company. On the further ground that the subject is not one upon which it is proper for the reception of opinion evidence, but that the question is one to be determined by the Master from the facts in the record. 34742

The Master: The Master will determine that on the facts in the record, without taking the witness's opinion. Overruled.

Mr. Vilas: Exception. 34743

The Master: Assuming these facts to be in the record, can you state?

The Witness: Yes.

Q. Will you state?

Mr. Vilas: Same objection.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. In my opinion they were not needed.

Q. Would that be true for any year that those facts applied, or those hypotheses?

A. Yes, sir.

Q. Whether it was 1906 or 1918 or when?

A. Yes, sir.

Q. No. 3. Assume that the testimony in this case shows that from 1908 to 1918, inclusive, part of Block 1457, Lot 6, shown on page 9 of Complainant's Exhibit 178, was occupied by a holder and that no part of this holder on that portion of the lot which is described as Parcel 2, Sheet 10, of Defendants' Exhibit AA126, had any structures or equipment of any kind thereon, and that the holder, heating equipment and pumping station was located on another block; also
34745 that the land owned by the complainant was occupied as testified to by the witness Ulrich, are you able to say whether said parcel of land was needed for the proper and economical production and distribution of gas by the complainant company?

Mr. Vilas: That is objected to upon the ground that the witness has not been shown to be qualified in any respect to render an opinion as to what the use is or that it was not needed for use for gas purposes. On the further ground that the hypothesis is incomplete, does not assume all the facts disclosed by the evidence, namely, that the parcel is a part and parcel of the entire piece
34746 of property occupied by the holder station acquired by the complainant company in 1884, at the time of consolidation, from the predecessor, constituent consolidating company. On the further ground that it appears from the evidence in the case that the parcel is directly connected with and constitutes an integral portion of Lot 6, Block 1457, and has been shown to have been used by the complainant company in its gas business for upwards of thirty-five years.

The Master: Overruled.

Mr. Vilas: Exception.

A. Yes.

Q. Will you state?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. In my opinion it is not.

Q. As to whether it was necessary or not, would your opinion be the same, that it was not necessary?

A. It was not necessary, in my opinion.

Q. To go back to the second question I asked you about, Block 952, Lots 29 and 30, would your answer be the same as to whether those two lots were necessary for the proper and economical production and distribution of gas in the territory supplied by the complainant? 34748

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. My answer would be the same.

Q. As to this last question, or the third hypothesis I asked you, in regard to Block 1457, Lot 6, would your answer be the same for any years in which the hypothesis was as stated?

Mr. Vilas: Same objection.

The Master: Same ruling. 34749

Mr. Vilas: Exception.

A. It would.

Q. The fourth question: Assume that the testimony in this case shows that in 1918, Block 1157, Lot 1, had upon it two holders having a capacity of 4,000,000 cubic feet each, together with a pumping station and boiler house used in connection therewith, which were located on that portion of said lot extending 500 feet from West End Avenue, and upon the remaining 300 feet of the lot there were no structures; also that the holder capacities of the companies in the

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consolidated system were as shown on Defendants' Exhibit AA124; also that the land owned by complainant was occupied as testified to by the witness Ahrich. Are you able to say whether or not said easterly 300 feet of said block and lot were needed for the proper and economical production and distribution of gas by the complainant company?

Mr. Vilas: That is objected to upon the ground that the witness is not qualified to express an opinion as to the necessity or lack of necessity for the use of this property for gas making purposes.

34751 On the further ground that the assumption that the holders, pumping station and boiler house are located on that portion of said lot extending easterly 500 feet from West End Avenue and that upon the remaining 300 feet of the lot there are no structures, is a false assumption; that it already appears in evidence that portions of the piping and mains connecting with the holder and governor house are located on the property comprising the said 300 feet of the easterly portion of the lot. On the further ground that the hypothesis in the question ignores the testimony of the witness Woods as to the use of the property

34752 and as to the use to which it can be put and probably will be put, and that the hypothesis is therefore incomplete in confining the occupation of the land to that as testified to by Mr. Ahrich. On the further ground that the assumption that the holder capacities of the companies in the consolidated system were as shown on Defendants' Exhibit AA124 has been shown to be false and misleading.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I am.

Q. Will you please state, Mr. Hine?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. In my opinion the easterly 300 feet were not needed.

Q. With the same hypothesis, would you say that the said easterly 300 feet were unnecessary for the proper and economical production and distribution of gas by the complainant company?

Mr. Vilas: Same objection.

The Master: Same ruling. 34754

Mr. Vilas: Exception.

A. I would.

Q. No. 5. Assume, Mr. Hine, that the testimony in this case shows that in 1906 to 1917, inclusive, Block 1157, Lot 1, had upon it two holders, having a capacity of 4,000,000 cubic feet each, together with the pumping station and boiler house used in connection therewith, which were located on that portion of said lot extending easterly 500 feet from West End Avenue, and upon the remaining 300 feet of the lot there were four holders having a capacity of 325,000 cubic feet each; also that the holder capacities of the companies in the consolidated system were as 34755 shown on Defendants' Exhibit AA124; also that the land owned by the complainant was occupied as testified to by the witness Mrich. Are you able to say whether or not the said easterly 300 feet of said block and lot were needed for the proper and economical distribution of gas by the complainant company?

Mr. Vilas: That is objected to upon the ground that the witness is not qualified to express an opinion upon the subject; upon the further ground that the assumption that there were four holders located upon the remaining 300 feet of said lot

34756 is a false assumption, the testimony having disclosed that there were six holders so located during the years in question. On the further ground that the statement of the holder capacities of the companies in the consolidated system as shown on Exhibit AA124 has been shown to be false and misleading and inaccurate, therefore not a proper assumption for this question. Also upon the ground that the question ignores the testimony of the witnesses Woods and Ahrich, both, as to the occupation and use of this property during the period 1906 to 1917; and on the further ground
34757 that it conclusively appears from the evidence in this case that the property was actually occupied and used in the gas business during said period. Upon the further ground that the question as framed does not limit the answer called for to any definite time.

The Master: Objection overruled.

Mr. Vilas: Your Honor, there is a false assumption there.

The Master: There are a lot of assumptions that you claim are false in all these questions. I am taking his testimony based on those assumptions. If upon analysis of the assumptions they
34758 are found to be incorrect, I do not take his testimony.

Mr. Vilas: Exception.

Mr. Chambers: Just change the number of holders to six, Mr. Hine—had upon it six holders having a capacity of 4,000,000 cubic feet.

The Master: Having a capacity of 325,000 cubic feet.

Mr. Chambers: We had six holders in our question.

The Master: You have two on one section and four on the other; is that correct?

The Witness: Yes.

Mr. Vilas: There were eight altogether.

Mr. Chambers: The question was correctly stated.

The Witness: There were six 325,000 cubic feet holders.

Mr. Vilas: And two 4,000,000 foot holders?

The Witness: And two 4,000,000 cubic foot holders.

The Master: There were eight, Mr. Hine says.

Mr. Chambers: Where it says four it should be six? 34760

The Master: Yes.

Mr. Vilas: Are you going to change that?

Mr. Chambers: Yes, we are going to get it right according to Mr. Mrich's testimony. Anyway, it was in error there; it says that the land owned by the complainant was occupied as testified by the witness Mrich. That covers all there are.

Q. Changing the four holders to six holders having a capacity of 325,000 cubic feet each, are you now able to say?

Mr. Vilas: Same objection.

The Master: Same ruling. 34761

Mr. Vilas: Exception.

A. I am.

Q. Will you please state?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. In my opinion that portion of the block was not necessary, was not needed.

Q. You say not only was not needed but was not necessary?

A. I do.

Q. For any year to which those facts, those assumed facts would apply?

A. Yes, sir.

Q. The sixth hypothetical question, Mr. Hine. Assume that the testimony in this case shows that from June 26, 1912, to 1918, inclusive, the property of complainant comprising the East 111th Street station was as shown on Complainant's Exhibit 178, pages 12 and 13, in pink, and that upon Block 1683, Lot 18, there were located a store building, storage sheds and Fitters School of Instruction, and that the remainder
34763 of the lot was used for storage purposes; that Block 1712, Lot 2, and the easterly 280 feet of Block 1704, Lot 5, was used for the storage of coke and other materials, that a coke screening plant, coke conveying apparatus and a coke office were located thereon, and that the portion 225 feet at the westerly end of Block 1704, Lot 5, Parcel 2, page 15 of Defendants' Exhibit AA126, was used in part for a stable, garage, emergency garage, wagon sheds, and so forth, for the storage of scrap and miscellaneous material, also that the land owned by complainant was occupied as testified to by the witness Mrich; are you able to say what property as shown in pink on pages 12 and 13 of
34764 Complainant's Exhibit 178 was needed for the proper and economical conduct of the gas business of the complainant company?

Mr. Vilas: I object to that question upon the ground that the witness has not been shown to be qualified to express an opinion as to what property is or is not needed for the proper and economical conduct of the gas business of this or any other company; that his opinion thereon is an invasion of the province of the Court whose duty it is to draw conclusions from the evidence as presented in the case. Furthermore, that the as-

sumption that the easterly 280 feet of Block 1704, Lot 5, was used for the storage of coke and other materials and that a coke screening plant, coke conveying apparatus and coke office were located thereon, is not supported, as to the dimensions given, by any testimony or evidence in the case. On the further ground that there is no evidence in the case tending to show or showing that 225 feet at the westerly end of Block 1704, Lot 5, and only 225 feet, were used for stables, garages, and so forth, as stated in the hypothesis. Further, that the assumptions already mentioned are 34766
contradictory of the further assumption that the land owned by the complainant was occupied as testified to by the witness Mrich, and that the assumptions are therefore inconsistent.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I am.

Q. Will you please state, Mr. Hine?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. Block 1682, Lots 8 and 11, and in Block 1704, that portion of the block extending from East 110th 34767
Street, to East 111th Street, with its westerly side 107 feet east of First Avenue and the easterly side 225 feet east of the westerly portion of that parcel.

Q. That property you have just described you say was not needed for the proper and economical conduct of the gas business of the complainant company?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. I say that was needed.

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Q. And the other property which you have not mentioned, that is on that exhibit, in 1912 and 1913 was not needed; is that correct?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. Yes.

Q. And the property you mentioned a moment ago, would you say that was necessary?

Mr. Vilas: Same objection.

The Master: Same ruling.

34769 Mr. Vilas: Exception.

A. I would, yes.

Q. And the property you did not mention but which is the other property which you did not describe, but is on that sheet there, was unnecessary, in your judgment?

Mr. Vilas: Objected to.

The Master: Same ruling.

Mr. Vilas: Exception.

A. Yes.

Q. For the proper and economical conduct of the gas business of the complainant company?

The Master: Same ruling.

34770 A. Yes.

Q. Your answer would be the same, would it, for any year to which those assumed facts would apply?

A. Yes.

Q. No. 7. Assume that the testimony in this case shows that from 1906 to about June 26, 1912, the property of complainant comprising the East 111th Street station was as is shown on Complainant's Exhibit 178, pages 12 and 13 in pink, and in addition thereto there was Parcel 1 shown on Sheet 15 of Defendants' Exhibit AA126, which belonged to complainant, and that upon Lot 18, Block 1683, there were lo-

cated a stable or store building, storage sheds and Fitters School of Instruction, and that the remainder of the lot was used for storage purposes, and that Block 1712, Lot 2, and Block 1704, Lot 5, were occupied as testified to by the witness Alrich, that any manufactory thereon was not used for manufacturing gas, also that the land owned by complainant was occupied as testified to by the witness Alrich, are you able to say what property, as shown in pink on pages 12 and 13 of Complainant's Exhibit 178, was needed for the proper and economical conduct of the gas business of the complainant company? 34772

Mr. Vilas: I object upon all of the grounds stated with respect to the sixth question, immediately preceding that is, and in addition upon the ground that the property referred to in the question as Parcel 1, being the westerly 107 feet of Block 1704 has been shown by the testimony to have been used by the complainant during the years mentioned in said question in its gas business, and the facts assumed in the question do not develop that fact.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I am. 34773

Q. Will you please state?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

Q. In my opinion, Lots 8 and 11 of Block 1682, and the westerly 332 feet of Block 1704 were needed.

Q. And the remaining part of that 178 were not needed?

A. In my opinion they were not.

Q. The remaining property shown in pink on Exhibit 178?

A. Were not needed.

Mr. Vilas: Same objection.

Q. And the other property shown on 178 was unnecessary, in your opinion?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. Yes.

Q. In the economic conduct of the gas business of the complainant company?

A. Well, I do not mean the property shown in pink, but the property shown in pink beyond what I have
34775 described was not necessary or needed, in my opinion.

Q. I mean the remaining property shown in pink in addition to what you described as being necessary, was unnecessary, in your opinion?

A. Yes.

Q. And that would relate, would it, to any year in which those assumed facts apply?

A. Yes, sir.

Q. Assume that the testimony in this case shows that from 1917 to 1918, inclusive, the property shown on page 16 of Complainant's Exhibit 178, in pink, described as Block 2583, Lot 260, had thereon a small
34776 brick structure used partially as an office, partially as a testing station and partially as a residence; and a small sheet iron structure used as a garage;

Also, that in the center of this parcel the portion shown in white on Complainant's Exhibit 178 was erected a head house which was the property of the East River Gas Company;

Also, that the tunnel testified to by witness Alrich was not the property of complainant company;

Also, that the land owned by complainant was occupied as testified to by witness Alrich.

Are you able to say whether the said block and lot were needed and necessary for the proper and economical conduct of the gas business of the complainant company?

Mr. Vilas: That is objected to upon the ground that the witness is not qualified to express an opinion upon that subject and his doing so is an invasion of the province of the Court whose duty and right it is to draw conclusions from the evidence in the case; upon the further ground that the hypotheses is misleading and incorrect, and fails to include all of the facts with relation to the occupancy of this property. It has been developed by the evidence, and in fact it has been conclusively shown by the evidence, that the property and all of it as owned by the complainant company is reasonably necessary for the protection of the tunnel head. 34778

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I am.

Q. Will you please state?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception. 34779

A. In my opinion it was not.

Q. Not necessary?

A. Yes.

The Master: Needed or necessary?

A. Needed or necessary.

Q. For the proper and economical conduct of the gas business of the complainant company?

A. Yes.

Q. Your answer would be the same, would it, for any years for which the assumed facts would apply?

A. It would.

Q. Assume that the testimony shown in this case that from 1910 to 1916, the property shown on page 16 of Complainant's Exhibit 178, described as Block 2583, Lot 360, had thereon a small brick structure used partially as an office, partially as a testing station and partially as a residence, and that the remainder of the lot was occasionally used as a pipe storage and that a tunnel not owned by the complainant had one end in the center of this property;

Also, that the land owned by complainant was occupied as testified to by witness Mrich;

34781 Are you able to say whether the said block and lot were needed and necessary for the proper and economical conduct of the gas business of the complainant company?

Mr. Vilas: That is objected to upon all the grounds stated in the foregoing objection, and stated in detail to question No. 8, and upon the further ground that the assumption that the remainder of the lot was occasionally used as a pipe storage is incorrect and misleading, in the use of the word "occasionally."

The Master: Objection overruled.

Mr. Vilas: Exception.

34782 A. I am.

Q. Will you please state?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. In my opinion it was not needed.

Q. And was not necessary?

A. And it was not necessary.

Q. For the proper and economic conduct of the gas business of the complainant company?

A. Yes.

Q. And would that be true for any year in which the assumed facts would apply?

A. Yes.

Q. Assume that the testimony in this case shows that from about July 23, 1906, to 1910, the property shown on page 16, of Complainant's Exhibit 178, described as Block 2583, Lot 360, had no permanent structures thereon, was sometimes used as a pipe storage, and that a tunnel not owned or built by the complainant was under construction under the East River with one head in the center of this lot;

Also, that the land owned by complainant was occupied as testified to by witness Ahrich; 34784

Are you able to say whether the said block and lot were needed and necessary for the proper and economical conduct of the gas business of the complainant company?

Mr. Vilas: That is objected to upon all the grounds stated with respect to question No. 8, the next but one preceding, and upon the further ground that the question improperly and incorrectly assumes that the property has no permanent structures thereon; upon the further ground that it is not competent for this witness to express an opinion as to the length of time preceding 34785 the construction or completion of the tunnel in which it was necessary reasonably to acquire and retain property to protect the head of the tunnel.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I am.

Q. Will you please state?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

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A. In my opinion it was not needed or necessary.

Q. And your answer would apply to any years for which the assumed facts were correct?

A. It would.

Q. Assume that the testimony in this case shows that for March, 1910, to 1918, inclusive, the southern portion of Block 3236, Lot 1, was occupied by a 10,000,000 cubic foot holder and a boiler house and pumping station, and that the northerly part of this holder was approximately 390 feet north of the southerly property line of this lot;

34787 Also, that the land owned by complainant was occupied as testified to by witness Ulrich;

Are you able to say whether that portion of Block 3236, Lot 1, situated north of a line 450 feet from the southerly property line of this lot, was needed and necessary for the proper and economical distribution of gas by the complainant company?

Mr. Vilas: That is objected to upon the grounds already stated as to the qualifications of the witness to pass an opinion upon this subject and on the further ground that the assumption that the northerly part of the holder was approximately 390 feet north of the southerly property

34788 line of this lot is incorrect and not in accordance with the facts; upon the further ground that the assumption of a portion of the property north of a line 450 feet from the southerly property line of this lot is indefinite, vague and meaningless and not in accordance with the testimony and evidence given in this case.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. I am.

Q. Will you please state?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. In my opinion it was not needed or necessary for the proper and economic distribution of gas by the complainant company.

Q. And would your answer apply to any year wherein those facts were found to be correct?

A. It would.

Q. Assume that the testimony in this case shows that from March, 1910 to 1918, inclusive, a 10,000,000 cubic foot holder, boiler house and pumping station on 24790
the southerly portion of Block 3236, Lot 1, did not fully occupy the property, but that there was a considerable amount of vacant land to the east of the holder. Also, that the land owned by complainant was occupied as testified to by witness Ahrich. Also, that there was approximately 60 feet available for storage, etc., north of the holder and other space to the west. Are you able to say whether that portion of Block 3236, Lot 1, situated east of the holder was needed and necessary for the proper and economical distribution of gas by the complainant company?

Mr. Vilas: I object to that upon all the grounds previously stated in regard to other questions as 34791
to the qualifications of the witness, and as to the invasion of the province of the Court; upon the further ground that the evidence shows that there was no considerable amount of vacant land to the east of the holder, but that the evidence is directly to the contrary; also upon the ground that the assumption that there was approximately 60 feet available for storage, etc., north of the holder, and other space to the west, is not true, and manifestly absurd and not in accordance with the facts, it appearing from the evidence in this case, in-

cluding the testimony of witnesses and the evidence of photographs and measurements, that the property attempted to be described herein is practically upon edge at the base, and constitutes an almost perpendicular cliff rock, and that it is not competent for this witness to determine how much room outside the actual holder itself is proper and reasonably necessary for the safe maintenance of the said holder and station.

The Master: Objection overruled.

Mr. Vilas: Exception.

34793 A. I am.

Q. Will you please state?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. In my opinion it was not needed or necessary.

Q. For the proper and economic distribution of gas by the complainant company?

A. Yes.

Q. Would your answer be the same for any year for which those facts are found to be true?

Mr. Vilas: Same objection.

The Master: Same ruling.

34794 Mr. Vilas: Exception.

A. It would.

Q. Assume that the testimony in this case shows that from 1906 to 1914, inclusive, a portion of Block 680, Lot 12, as shown on Defendants' Exhibit AA-126, Sheet 3, was occupied by two 250,000 cubic feet holders, a boiler house and an exhauster house, etc., and that the remainder of this lot was used for the storage of bulky materials, and that Lots 40, 42, 43, 44, 45, 48, 49, 50, 51, 52 and 53 of the same block were used only for the storage of lumber, pipe and building materials, and that the complainant company had

other storage yards in other parts of the city. Also that the land owned by complainant was occupied as testified to by witness Ahrich. Are you able to say whether Lots 40, 42, 43, 44, 45, 48, 49, 50, 51, 52 and 53 of Block 690, were needed and necessary for the proper and economical production and distribution of gas by the complainant company?

Mr. Vilas: That is objected to upon all the grounds heretofore stated with respect of the qualifications of the witness to express an opinion upon this subject, and upon the further ground that the facts assumed in the hypothesis in this 34796
question are not in accordance with the evidence in this case, nor with the facts as they actually exist; upon the further ground that the assumption that the lots enumerated in the question were used only for the storage of lumber, pipe and building materials, and that the complainant company had other storage yards in other parts of the City is improperly argumentative, not in accordance with the facts, and shows upon its face that the property was necessary and properly used in connection with the gas business of the company; also that the said assumption is at variance with the testimony of the witness Ahrich included in 34797
the next assumption, and that under the facts as set forth in this question, it is not competent or proper for the witness to be permitted to express an opinion.

The Master: Overruled.

Mr. Vilas: Exception.

A. Yes.

Q. Will you please state—

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

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A. In my opinion the lots enumerated were not needed nor necessary for the proper and economic production and distribution of gas by the complainant company.

Q. And your answer would be the same, would it, for any year for which the Court finds these assumed facts to be correct?

Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. It would.

34799 Q. Assume that the testimony in this case shows that from 1906 to on or about July 30, 1912, the property owned by complainant in Block 2175, known as the Inwood station, was occupied by a 60,000 cubic foot holder, and a boiler house and governor house.

Also, that the Consolidated Gas Company and its affiliated companies, namely: the Astoria Light, Heat & Power Company, the Central Union Gas Company, the Northern Union Gas Company, the New Amsterdam Gas Company, the Standard Gas Light Company and the New York Mutual Gas Light Company formed a system which supplied gas to consumers in the Borough of Manhattan and the westerly portion of the

34800 Bronx.

Also, that the plants of these companies were so connected that gas could be and was supplied to the distribution system in the aforesaid territory.

Also, that gas supplied to such distribution system passed to and from the holders owned by the aforesaid companies in the said territory in such a way as to make it impossible to distinguish gas furnished from any one manufacturing plant or to determine from which manufacturing plant or holder station the gas furnished was received.

Also, that the maximum day's make in each of the plants of the aforesaid system was as shown by Defendants' Exhibit AA-138.

Also, that the plants of all of the companies heretofore mentioned had rated manufacturing capacities as shown on Defendants' Exhibit AA-132.

Also, that the holder capacities of the aforesaid companies were as shown on Defendants' Exhibit AA-124.

Also, that the land owned by complainant was occupied, as testified to by the witness Ulrich.

Are you able to say whether the Inwood station, 34802
comprising the land owned by the complainant in Block 2175, and the property located thereon, was needed and necessary for the proper and economical distribution of gas in the territory supplied by the complainant company?

Mr. Vilas: That is also objected to upon all the grounds.

The Master: Have they during any of these years claimed the Inwood station as part of their capital investment?

Mr. Vilas: Yes. That is objected to upon all the grounds previously stated with respect to previous questions as to qualifications of the wit- 34803
ness, and upon the further ground that the assumptions with respect to the system of companies supplying gas are immaterial and irrelevant to the question put at issue by this question, also upon the ground that the questions fails to take into consideration in its hypothesis testimony in this case relative to the necessity of the presence of a holder in the location of Block 2175, fails to take into account the fact that this holder serves a portion of the northerly end of Manhattan Island not accessible to any other gas company or to any other mains or holders of this company,

and that the assumptions in said question are manifestly and wholly incomplete as to the topographical and practical conditions surrounding the use of this property by the complainant company; on the further ground that the assumption that the maximum day's make at each of the plants of the said system was as shown by Defendants' Exhibit AA-138 is false, untrue and misleading, said Exhibit AA-138 having been shown to be incorrect; also that the assumption that the plants of all of the companies heretofore had rated
34805 manufacturing capacities as shown on Defendants' Exhibit AA-132 is untrue in effect and misleading, said exhibit having been shown to be incorrect; also that the assumption that the holder capacities of the aforesaid companies were as shown on Defendants' Exhibit AA-124 is incorrect and not in accordance with the facts, said exhibit having been shown to be misleading and incorrect and inaccurate.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. Yes.

Q. Will you please state?

34806 Mr. Vilas: Same objection.

The Master: Same ruling.

Mr. Vilas: Exception.

A. In my opinion it was not needed or necessary for the proper and economic distribution of gas in the territory supplied by the complainant company.

Q. Would your answer be the same for any year for which those facts were found to be true?

Mr. Vilas: Same objection.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. Yes.

The Master: Now, is that all that you have for Mr. Hine, Mr. Chambers?

Mr. Chambers: No, not all.

The Master: You have some more for Mr. Hine?

Mr. Chambers: Yes.

Recess until 2:15 o'clock, P. M.

Afternoon session. 34808

WILLARD F. HINE, resumed.

BY MR. CHAMBERS:

Q. Mr. Hine, this tabulation that I show you now shows the map number on Exhibit AA-126, the block and the lot, and the period. Does that correctly show the different parcels owned by the Consolidated Gas Company, and its use for gas purposes for the period given, and concerning none of which property did you testify that it was not needed or not necessary?

Mr. Vilas: I object to that because it is a subtle attempt to justify and corroborate the testimony he has given this morning. 34809

Mr. Chambers: No, I state on the record that it is not. I stipulate that the question as asked is not intended to do anything except show the tabulated form.

The Master: My understanding is that this is simply for the convenience of the Court to indicate in tabular form the property as to which there is no question.

Mr. Chambers: As to which Mr. Hine makes no question.

The Master: Do you make any question?

Mr. O'Brien: I do not want to be bound by that. Under my theory of this case there is no use for the 99th and 21st Street plants. Those plants should join in the *requiescat in pace* of the 14th and 42nd Street plants, so I do not want to be bound by it, and to that extent I object to its being received.

Mr. Chambers: I ask that it be marked.

The Master: It will be received as Mr. Chambers' exhibit.

34811 Paper received in evidence and marked Defendants' Exhibit AA-303.

Q. On this Exhibit AA-303, Block 3236, Lot No. 1, will you just explain that "Point south 450 feet."

The Master: You need not explain it. I know what that is, that is the Kingsbridge holder.

Q. As the Master says, that relates to the Kingsbridge holder?

A. It does.

Q. Mr. Hine, I show you Defendants' Exhibit AA-197. That photograph relates to the property described and mentioned in the hypothetical question which relates to Block 2175, known as the Inwood

34812 station?

A. Yes.

Q. I show you Defendants' Exhibit AA-193, 1914 and 1915, and ask you if you recognize those photographs as being photographs of Block 3236, Lot 1, known as the Kingsbridge holder property?

A. Yes, sir.

Q. Now, I show you Defendants' Exhibit AA-196 and ask you if you recognize that as a photograph of Block 2583, Lot 360, described in the hypothetical question about that block and lot?

A. Yes.

Q. I show you Defendants' Exhibit AA-203, and ask you if you recognize that photograph as being the property described in the hypothetical question relating to the property known as Block 1712, Lot 2, or a part of that block and lot?

A. Yes, that is the apparatus on that lot.

Q. This next photograph, Defendants' Exhibit AA-202, shows part of the same apparatus, Block 1712, Lot 2, and a portion of Block 1704, Lot 5, does it not, described in the hypothetical question?

A. Yes, it shows the conveyor extending from one block to the coke screening plant on Block 1704. 34814

Q. Being some of the property on page 12 of Exhibit 178?

A. Pages 12 and 13.

Q. Pages 12 and 13 of Exhibit 178?

A. Yes.

Q. I show you Defendants' Exhibit AA-201. Do you recognize that as the easterly portion of Block 1704, Lot 5, or rather that portion of that lot and block near Pleasant Avenue, as shown on Exhibit 178, page 12?

A. The fence in the background just this side of the river is the property line on Pleasant Avenue, or the easterly property line of Block 1704, Lot 5. 34815

Q. Now, I show you Exhibit AA-200. That shows, does it not, still, a portion of Block 1704, Lot 5, and a portion of the westerly end of that block and lot looking toward First Avenue, described in the hypothetical question relating to that block and lot?

A. It does.

Q. Looking from say East 110th Street over towards the corner of 11th Street and First Avenue, in that direction?

A. It is looking almost from a point over toward Pleasant Avenue—looking from a point near Pleasant Avenue, toward First Avenue.

Q. Looking in a westerly direction?

A. Yes.

Q. Do you know what large building that is in the background of that photograph, Exhibit 200?

A. That is the meter shop.

Q. Of what company, do you know?

A. I believe that is the Standard.

Q. It is not the Consolidated Gas Company meter house, as you understand it?

A. No, it is not.

Q. Some other company's property?

34817 A. Yes.

Q. I show you Defendants' Exhibit AA-198, and ask you if that is Lot 18, Block 1683, described in the hypothetical question?

A. Yes, that shows a picture of the structures, etc., on that block.

Q. You see on that photograph, Mr. Hine, that you can see there, can't you, Mr. Hine, on the corner, East 111th Street and First Avenue, on that street sign?

A. You can see First Avenue; I don't know whether you can read the other or not.

Q. Well, I could. I show you another photograph
34818 marked Defendants' Exhibit AA-208, and ask you if you recognize that as being Block 1157, Lot 1, or a portion of that block and lot. That is on page 10 of Exhibit 178. Do you recognize that? We are not so sure that is right.

The Master: Ask Mrich, he will tell us.

Mr. Chambers: Mr. Hine may know.

A. Yes, I would say that that was.

Mr. Chambers: Is that right, Mr. Mrich, is that Block 1157, Lot 1?

Mr. Mrich: Yes.

Q. I show you Defendants' Exhibit AA-288, and ask you if you recognize that as being the building on Lot 30, Block 952, and showing in the bottom left-hand corner of the photograph the structure that is on Lot 29, Block 952, mentioned in the hypothetical question?

A. Yes, it shows the building on Lot 30, and the fence extending around Lot 29.

Q. Lot 30 and Lot 39 are shown in pink on page 5 of Exhibit 178, are they not?

A. Yes.

The Master: What is this building used for? 34820

The Witness: Storage.

The Master: I take it all these parcels that you are identifying the photographs of parcels that you are objecting to.

Mr. Chambers: Substantially all, or they show some structures on the property that we are objecting to.

Mr. Vilas: He does not reject Block 1704, or the Kingsbridge property.

The Master: Part of it he does.

Mr. Chambers: We reject those portions of it which we have heretofore mentioned and described.

34821

Q. I show you Defendants' Exhibit AA-293. Do you recognize that, Mr. Hine?

A. I do.

Q. Where are those benches?

A. At the 99th Street plant.

Q. Are any repairs going on there now that you know of?

A. Not that I know of, to these benches.

Q. How long have you known those benches?

A. I cannot say when I first did see them.

Q. Do you remember the condition of them along back at any time?

A. Not so very long ago, no; I don't know when I was in that plant the first time, or through there.

Q. But that does not indicate to your mind any repairs to the benches going on there, does it?

A. It does not.

The Master: Mr. Chambers, as I understand it your theory is that in order to determine whether the gas company has gotten a fair return say down to 1917 I have got to do two things,

34823 one, find out what profit they made on the gas, and two, what investment they had, what property was used.

Mr. Chambers: Exactly, then sit down with a pencil and you can determine whether in your judgment they had a fair return.

The Master: Let me ask you this: Suppose you are right that some of this property ought not to have been used during these years, and assume that you are right to the extent that it was wasteful and bad judgment—

Mr. Chambers: In other words, assume it would have been better if the 14th Street and 42nd

34824 Street plants had been blown up in 1905?

The Master: I will not discuss any particular plant. I am talking about any point that you come in contact with. Isn't this the answer to it: That this company may not have operated its plant economically or efficiently in those years, as a result of which they did not succeed in piling up a reserve which might have gone to their stockholders, because they would have had a right to give it to their stockholders.

Mr. Chambers: I do not subscribe to that.

34825

The Master: You have two questions, one whether the way they ran it, we will say prior to 1916, or 1917, showed a fair return, and how much of a fair return; and, second, whether in considering the confiscatory nature of the statute now, whether I must throw out some of these properties in order to determine whether they could operate efficiently now. In other words isn't there really two separate bases to talk about?

Mr. Chambers: Well, I haven't any doubt in my mind as to what I am trying to show. It is this, and I will stick to it to the bitter end: I say that 34826
you cannot declare this statute unconstitutional under any circumstances during this abnormal period unless you go back and find out what return they have—enjoyed while the statute has been in force; and if you find as a fact that taking these abnormal years in with the others their return has been reduced so low that the average is less than 6 per cent, then, and only then can you declare the statute unconstitutional, and the complainants will have to be dismissed just so long as that average is above 6 per cent. That is one of my propositions.

The Master: Yes, but suppose this is true— 34827
isn't this the fact, taking your theory of your case, that I have got to base that upon the way the plants were run, to determine what in fact they did earn?

Mr. Chambers: Yes, I think year by year you will have to say what you will throw out and what you will keep in in order to find that.

The Master: No, what I am trying to point out to you is this, and that is what has been in my mind—assuming for the purpose of the discussion that there is a good deal of force in your argument, that there is force in your argument

34828 that certain of these plants were not needed and were not necessary and were wastefully operated or continued, the fact is they were operated and claimed, and continued at any rate in the possession of the gas company as part of their gas property. Now, assume, too, that you are right in your contention that in order to determine whether the rate is confiscatory or not I have got to find whether they got a fair return—a fair return on what—for all those years? Don't I have to take the fair return upon what in fact they did use, then make a finding, if I come to any such conclusion, that the law ought not to be declared confiscatory because if they will throw out a lot of these things they will keep their return up to 6 per cent in spite of the high prices?

34829

Mr. Chambers: No, you have got to take each year and find out what property was used and useful that year, and what return they enjoyed on that used and useful property, and if it is 50 per cent, then in these abnormal periods that brings the average—

The Master: I think that is an unfair basis.

Mr. Chambers: I am willing to fight it out to the end on that.

34830 The Master: You probably will have to fight it out to the end.

Mr. Chambers: I haven't any doubt but what it is right.

Mr. Clark: If you throw out some of the plants that made gas, of course, you would have to provide for making that gas at economical stations, which we assume they had.

The Master: I just wanted Mr. Chambers' views about it.

Mr. Chambers: I am glad to state it. I am more than willing to state it at any turn of the

34831

case, I want to state it, and I will be provoked if I am not given an opportunity to state it.

The Master: Your silence is very welcome to me. Go ahead.

Mr. Chambers: I enjoy stating it. I am willing, too—

The Master: There is something wrong about that contention, it doesn't hit me right.

Mr. Chambers: It is fair, isn't it?

The Master: It don't strike me that way.

Mr. Chambers: A public utility corporation should not enjoy any more than a fair return, should they?

34832

The Master: But the trouble with that is this: The State of New York said they could charge 80 cents—

Mr. Chambers: But the State said covering a period of years. You have to read that in—the State said in normal times.

The Master: The State said in 1906 they could charge 80 cents.

Mr. Chambers: Because the State thought that would give a fair return.

The Master: They had the right to charge 80 cents and make as big a profit as possible.

Mr. Chambers: The Legislature tried to fix it so low as to give them only a fair return.

34833

The Master: But they did not succeed.

Mr. Chambers: You could not tell until the water ran over the falls.

The Master: This company legally, in accordance with the statute, charged 80 cents, and we will assume they made a handsome profit.

Mr. Chambers: Assume they made 50 per cent.

The Master: Theoretically, say 50 per cent, but as a matter of fact that 50 per cent is based upon

34834

the proposition that they could have saved a lot of expense, could have saved a lot of operating expense by doing it somewhere else. The fact is, I will assume, because I have not the figures clear in my mind, that instead of 50 per cent they made 8 or 10 per cent. They had a perfect right to distribute that to stockholders.

Mr. Chambers: Yes, they had a right to distribute it to the stockholders, but if they strike an abnormal year the stockholders have got to suffer a little bit because they have had more than a fair rate of return in the previous years.

34835 The Master: There are two apparently abnormal periods. The whole thing turns on this question—

Mr. Chambers: This is a Court of Equity. Here is a statute that is constitutional, been so pronounced.

The Master: Yes.

Mr. Chambers: This is a Court of Equity and public utilities derive all their rights and consents from the public and the public are paying them. Now, this is not a private enterprise—

The Master: Yes, but you have got to have in mind—

34836 Mr. Chambers (interrupting): The people are carrying this. This is not a private concern of Carter, *et al.*, not by a long shot. This is the public's affair.

The Master: Who is the public?

Mr. Chambers: The 500,000 consumers own this public utility really.

Mr. Vilas: Who owned it in 1912?

The Master: How about the few thousand estates and widows and orphans and others who are in good faith and bought the stock of this company in the open market?

34837

Mr. Chambers: Those widows and orphans knew when they put their money into this public utility that all they could ever expect was a fair and reasonable return year by year upon their money invested, and that they have had for the average year, I think.

The Master: But they expect more than that. They had a right to expect that the profits earned from year to year would be distributed to them.

Mr. Chambers: I don't agree with you.

The Master: Well, go ahead.

Mr. O'Brien: Your Honor, I am listening, but I do not care to enter into this soliloquy just now. 34838

The Master: You know what I told Mr. Vilas about his silence being welcome.

Mr. O'Brien: I just wanted to have it on the record that I am demurring, I do not want it to appear that I am acquiescing in what has been said.

The Master: And I don't want it to appear that I have made up my mind on it.

Mr. O'Brien: One little side light on what you have just said is this, that the Ransomese, if I may say it in his absence, idea of going value is some new innovation that does not conform with the Court of Appeals' definition of going value, and the principle he has asserted in the trial of this case has been that you must add to the going value upon which to compute a return, an element of value to make up the deficiencies, if any, in any of the bad years, and that is just the converse of the proposition you say you won't accept. 34839

Mr. Vilas: If the State owes the company a fair return, hasn't the company the right to look to the State for it?

Mr. Chambers: No. I am just putting in evidence that shows that the stockholders enjoyed

a fair return all through and averaged over 7 per cent.

The Master: Yes, but unless they had a fair return that sets up a reserve for not alone these lean but disastrous years, there has something got to be done about it.

Mr. Chambers: Do you know there is a mint of money in selling gas in the City of New York?

The Master: I don't know about that. I would rather have the stock—

34841 Mr. Chambers: You don't think the Consolidated Gas Company would give up business if you did not raise their rate? They would cry—

Mr. Vilas: Mr. Chambers, your saying there is a mint of money in it is like the man who said he knew a mint with a fortune in it—because his was in it.

Mr. Chambers: A very promising business, the future of the gas business, and the old crowd would not give it up, they wouldn't sell out for anything.

By Mr. Chambers:

Q. I show you Defendants' Exhibit AA-282. Do

34842 you recognize that as being a portion of what is known as the 14th Street plant?

A. I do. It is a view looking easterly from the westerly side of Block 982, Lot 13, as shown on page 3 of Defendants' Exhibit 178.

Q. I show you Defendants' Exhibit AA-283, and ask you if you recognize the property of which that is a photograph?

The Master: Where is the property, in the snow there, or in the buildings?

Q. 14th Street?

A. This is a view of Block 982, Lot 13, taken from the rear of the purifier house, looking west.

The Master: Where is the property there, Mr. Hine, on that photograph? Is it in the foreground?

The Witness: The property owned by the company extends from back of the camera to the fence.

The Master: Is that the vacant land there?

The Witness: That is back of the purifier house, vacant land.

Q. I show you Defendants' Exhibit AA-284. Can you tell the Court where that is?

A. That is a view on the corner of Avenue D and East 15th Street, showing Block 991, Lot 1. That is a portion of the 14th Street plant. 34844

The Master: Mr. Pullis testified this was a view southeast from 15th Street and Avenue D.

The Witness: Southeast, yes, looking down this way.

Q. This is a part of the 14th Street plant, is it not?

The Master: I do not see much of it except the outside.

The Witness: Yes.

The Master: It is the outside of the plant, isn't it?

34845

The Witness: Well, this is down here on the dock, near the dock, I believe it is rented to the contractor.

The Master: Well, isn't the plant on the other side of the fence?

The Witness: This block here, 991, is inside the fence, that is a street there (indicating).

The Master: Well, this building that shows in the center of the photograph is on Block 991?

The Witness: Yes.

The Master: So that we see nothing of Block 991 on this?

The Witness: No.

The Master: What is this intended to show?

The Witness: That is all it does show.

The Master: Just the outside of Block 991?

The Witness: Yes.

Q. And this Exhibit AA-285, do you recognize that?

A. Yes.

Q. What property is that?

34847 A. This is on the dock, Avenue D and East 14th Street.

Q. That is Block 991, Lot 47?

A. Yes, an outside view of the same block.

Q. Now, this Exhibit AA-286, what is that?

A. That is a view taken from the east of that same block. It shows the inside of the property.

The Master: It is used for a sort of a storage yard.

The Witness: Subway contractor.

Q. Now, I show you Defendants' Exhibits AA-279, 280 and 281. Will you describe those, taking 279 first?

34748 A. Exhibit AA-279 is a view at the 42nd Street plant looking east from a point about even with where 12th Avenue would be if it went through here. It shows the old coal storage sheds in the foreground, and the coal gas plant in the background, the holders can just be seen from the center of the photograph, the framework of the holders.

Q. Now, Exhibit 280.

A. Exhibit AA-280 is a view of the same plant looking southwest from the corner of 42nd Street and Eleventh Avenue, it shows the holders, the four holder frames in the foreground.

Q. The same plant, 42nd Street?

A. Same plant, Exhibit AA-281, shows a view of the interior of Block 1090, Lot 23, which is on the north side of 42nd Street just west of Eleventh Avenue.

Q. A piece of the same plant?

A. Yes. It is not the same block, but it is right opposite that plant on the other side of the street.

Q. Have you prepared a diagram showing duplication of mains in various streets of the Consolidated System Company?

A. I have had that diagram prepared. 34850

Q. And is this such diagram that you hold in your hand?

A. Yes.

Q. And on the diagram you show the mains of the Consolidated Company; and the mains of the Consolidated System Company in the streets, naming the streets?

A. Yes, on certain portions of certain streets.

Q. Is it correct?

A. It is.

Mr. Chambers: I offer it in evidence.

The Master: What is it taken from? Where does it come from? 34851

Q. How did you make it up?

A. It was made up from the mains maps of the Consolidated Gas Company.

Q. And is correct as taken from those maps?

A. It is.

Mr. Chambers: I want to be frank with the Court. It does not show all of the duplication of mains in all the streets. It is only certain streets picked out, picked out almost at random, I would say, not picked out particularly, but picked out at random.

34852

The Master: For the purpose of illustrating the situation.

Mr. Chambers: Yes. The point I mean is that the whole thing could be covered, but time and expense did not permit, so these are shown correctly. We could show them all, but that is all we have.

Mr. Vilas: I object to this on the ground it is incompetent, irrelevant and immaterial, that it has no bearing upon the issues of this case, that companies other than the complainant may have mains in the same streets as the complainant company, that it does not appear from any evi-

34853

dence in this case that all the mains are not continuously in use, or that there is any so-called duplication of mains. The exhibit by itself shows that it is incompetent, the title of the exhibit.

The Master: Objection overruled.

Mr. Vilas: Exception.

Marked Defendants' Exhibit AA-304.

Mr. Chambers: Now, that is all of Mr. Hine on hypothetical questions, and that is all on duplication of mains, and that chapter is closed, if you want to cross-examine.

The Master: What else will you have?

34854

Mr. Chambers: I am going to call him on some tables that I have not gone over with him yet, because he was sick.

The Master: We will suspend his cross-examination.

Mr. Vilas: You understand the force of my objection, that these mains shown on here are not Consolidated Gas mains, but Mutual and all other companies.

The Master: I know it.

Mr. Vilas: I do not see what possible bearing it can have on the case.

The Master: They say you might distribute your gas cheaper if you discontinue these mains and connected them all up together.

Mr. Vilas: Well, they would have to be connected together, or one main put in as big as all together.

The Master: Yes. They have not proven anything yet except some maps, that is all.

Mr. Vilas: If the maps are not connected up, the exhibit ought to be stricken out.

The Master: Suppose they call Mr. O'Brien tomorrow to swear he could supply that gas without all those mains there? 34856

Mr. Vilas: I wish they would.

(Witness excused.)

HUGH F. SMITH, called as a witness on behalf of the defendants, being duly sworn, testified as follows:

DIRECT-EXAMINATION BY MR. CHAMBERS:

Q. By whom are you employed?

A. By the Seaboard By-Products Coke Company. 34857

Q. And where is their place of business?

A. Their principal place of business is in Jersey City, New Jersey: I am employed by the Pittsburgh office, however.

Q. You were subpoenaed, or your company was subpoenaed to produce certain papers here?

A. Yes.

Q. And you have produced the agreements that you have, or certified copies or duplicate originals, or whatever you have you have produced?

A. We have, whatever we have in our possession.

34858 Hugh F. Smith, Direct.

Q. I see that you don't go any farther back than January 10, 1916?

A. No. I am advised by the Pittsburgh office that there is no correspondence, and these are all the papers we have relating to our contracts with the Public Service Gas Company.

Q. Now, I show you one of the papers you produce, dated the 5th day of December, 1919, between the Public Service Gas Company and the Seaboard By-Products Coke Company?

A. It is.

34859 Q. This was produced from the files of your company?

A. Yes.

Q. Now, on page 8 do you recognize those signatures?

A. I recognize the signature of Mr. H. B. Rust, President and Mr. S. P. Brown, the secretary.

Q. How about the Public Service Gas Company?

A. I cannot state.

Q. It has got the seal of your company here?

A. Yes.

Q. Mr. Brown is the secretary of your company?

A. Yes.

34860 Q. And this contract was produced from your files?

A. Oh, yes.

Q. Now, and it appears by Thomas N. McCarter as acknowledged, doesn't it?

A. Yes, it is, but I do not know anything about that.

Q. Thomas N. McCarter acknowledged it, and Mr. Henry B. Rust for your company acknowledged his signature?

A. He did.

Q. Now, hooked right up with this is another agreement dated September 17, 1918, that is between your company and the Public Service Gas Company?

A. Yes.

Q. Turning to page 4, do you recognize the signature of Mr. Rust?

A. I do.

Q. President of the Seaboard By-Products Coke Company?

A. Yes, sir.

Q. That is his original signature?

A. That is his handwriting. 34862

Q. Now, this is still another agreement here, dated the 31st day of October, 1916, and turning to page 15 of that last, is that Mr. Rust's signature?

A. It is.

Mr. Chambers: I now offer in evidence agreement dated December 5, 1919, identified by the witness, and acknowledged before a notary public by both parties.

The Master: Suppose you stop there for a moment.

Mr. Vilas: Is that the offer?

Mr. Chambers: Yes.

Mr. Vilas: I object to that on the ground it is 34863
incompetent, irrelevant and immaterial, that the relations between the Public Service Gas Company of New Jersey and the Seaboard By-Products Coke Company have no bearing whatsoever upon this case, and that the complainant company in this case has not been shown to have produced gas in the manner called for by this contract, and that the method of producing such gas, its cost, its qualities, are in no way involved in the issues in this case, and the contract has no possible bearing and can shed no light of any description upon the issues in this case.

The Master: I will modify my suggestion to you, Mr. Chambers. I see that the other two agreements are tied up in this first agreement, and what I had in mind was that there might be a distinction in the proof of some nature. You can offer these all as one exhibit.

Mr. Chambers: I offer them as one exhibit.

Mr. Vilas: Well, I make my objection to the whole offer. I think it is entirely incompetent, and will not shed any light whatever, and has nothing to do with the case. A further ground
34865 of objection is that there is no evidence the contract was ever carried out, and has not been modified, and no one here to prove the facts.

The Master: What is the purpose of this, Mr. Chambers?

Mr. Chambers: I want to show, and I think the door has been opened besides, but I want to show what coke oven gas is sold for in this locality. I might ask him one question.

Q. Is there any market price for coke oven gas?

Mr. Vilas: Objected to.

The Master: Objection sustained. I will sustain the objection to the offer.

34866 Mr. Chambers: On what ground?

The Master: On the ground it is incompetent, irrelevant and immaterial.

Mr. Chambers: Not on the ground I have not properly proven the contracts?

The Master: No; they are proved by the notary's certificate.

Mr. Chambers: I ask that they be marked for identification, and I will record an exception to your ruling.

Marked Defendants' Exhibit AA-305 for identification.

Q. Now, Mr. Smith, you produced another contract, did you?

A. I did.

Q. Between the Public Service Gas Company, dated January 10, 1916, and the H. Koppers Company, and that is a copy certified by the assistant secretary of the Public Service Corporation?

The Master: I think their October contract says it is a duplication of that. What is the date of that?

Mr. Chambers: Dated October 31, 1916.

The Master: Yes, it is a copy of this. The 34868
other one is dated what, the 10th of January, 1916?

Mr. Chambers: This other one is dated January 10, 1916.

The Master: That is not in here, but the contract of October 10 says it is to take the place of that contract because it is with Koppers, and Koppers is now incorporated. It is included. You can offer it if you want, and I will exclude it not on the ground it is incompetent proof, but on the ground it is incompetent, irrelevant and immaterial.

Mr. Chambers: I offer this agreement of Jan- 34869
uary 10, 1916, between H. Koppers Company and the Public Service Corporation, certified to.

Mr. Vilas: Objected to on the grounds already stated.

The Master: I am sustaining the objection on the ground it is irrelevant and immaterial. There may be some question as to the competency of it, but I do not base my ruling on that.

Mr. Chambers: I except and ask to have it marked for identification.

Marked Defendants' Exhibit AA306 for identification.

Q. Now, I show you another paper. Did you produce this?

A. Yes.

Mr. Chambers: This purports to be an agreement dated January 17, 1918.

The Master: I think that is the second paper in there. I am pretty sure it is.

Mr. Chambers: The 17th day of January, 1918, between the Seaboard By-Products Coke Company and the Public Service.

The Master: That is the same thing.

34871 Mr. Chambers: Yes. That is all, Mr. Smith.

Mr. Vilas: That is all, no cross-examination.

Mr. Chambers: That is all I have for the present.

The Master: Now, Mr. O'Brien.

A. S. B. LITTLE, recalled.

DIRECT-EXAMINATION BY MR. O'BRIEN:

Q. Mr. Little, did you make an examination of the complainant's property with a view of finding other
34872 methods of making gas during the last four or five years?

Mr. Vilas: I object to that as incompetent, irrelevant and immaterial. Also, the question is somewhat vague and meaningless.

The Master: I will sustain the objection. I do not think this company is required to change the entire method of making gas. I take it from your inquiry that you want to show that they could get gas cheaper by some coke oven method, or something of that sort.

Mr. O'Brien: Yes, your Honor, they could use that method in conjunction with what they have, that they should have extended their plant and used all the facilities they have in conjunction with what they are using to produce the cheapest and best kind of gas under the conditions.

Mr. Vilas: Coke oven gas is a by-product.

Mr. O'Brien: You are testifying now. The question is on the admissibility of this proposition. Many of the best companies in the country are now and have been for the last few years adopting this very proposition. It is certainly proper for me to ask whether this could not have been 34874
done by this company, what could have been accomplished in the way of meeting the situation that they contend they have been up against during the last four or five years.

The Master: The objection will be sustained. I sustain it because I am not interested in other methods of making gas. I will let you show what might have been done with the existing plants by way of improvements or additional means, but not other methods of making gas.

Mr. O'Brien: I note an exception to your Honor's ruling.

Q. Mr. Little, have you made a study of the plants 34875
of the complainant company with a view to determining what additional means of producing gas they might have availed themselves of, and might today avail themselves of?

Mr. Vilas: I object to that question on the ground that it is merely a restatement of the former question in another form.

The Master: It is a little different. I will allow that.

34876 A. S. B. Little. Direct.

Mr. Vilas: It is a little different, but I object also that it is speculative and hypothetical. It will open up a large field of inquiry.

The Master: Most opinion evidence is. I will see what it leads to.

Mr. Vilas: Exception.

A. I have.

Q. Have you formulated your views in a statement as to the additions which may be made to the plant of the complainant company with that purpose in view?

Mr. Vilas: I make the same objection.

The Master: I will take it.

34877 Mr. Vilas: He has been contending that we have more plant than we need now.

The Master: I will take it.

Mr. Vilas: Exception.

A. I have, yes, sir.

Q. And if you were asked various questions by me, would your answers in reference to this study and investigation which you have made, spread forth the data which you have prepared here in condensed form?

A. It would.

Q. And would you swear to the correctness of the statement contained in this paper which you have produced?

34878 A. Yes, of course considering that they were built up out of experience. They don't relate to any plant that the company now has.

By Mr. Vilas:

Q. You mean that they are not facts, but your opinion?

A. They are facts as I see them, based upon a fairly long experience, a good long experience.

By Mr. O'Brien:

Q. You mean that where you have expressed a judgment in any place in these papers it is your best

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opinion based upon the facts herein mentioned, and your judgment of the subject-matter covered?

A. Yes.

Mr. O'Brien: I put the questions in this way so that the complainant may have the benefit of this statement, without going into a lengthy examination of the witness.

Mr. Vilas: Now, your Honor will see by merely glancing at the titles in this paper that it opens up this entire subject of wholly irrelevant and incompetent matter concerning which your Honor has already excluded certain questions and certain offers. It takes us into the field of speculation, expert scientific opinion one way or another, upon a subject which the complainant has nothing to do with, and upon a subject upon which the Court would not be justified in making any finding, or any direction to the complainant or any penalizing of the complainant for not adopting or not having adopted the suggestions of the witness. It deals purely with by-product coke oven gas, a subject in which you have already stated you are not interested. I do not think at this stage of this case we should open up this controversy.

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The Master: I think you had better ask him questions. I am inclined to be against you on this.

Mr. O'Brien: I may state this, without appearing to give testimony myself, that a perusal of the gas engineering journals and other sources of information upon the trend of practice and policy during the past two years of the gas companies of the country shows that many of them are leaning upon this scheme of coke oven gas as a way out of what they think are deep difficulties, particularly out of the clutches of the Standard Oil—

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The Master: Then they will get into the clutches of the anthracite miner—that is the trouble with it.

Mr. O'Brien: No, that is all part of the discussion. The point is this, however: I may say, I may give you a concrete instance, the question arises as to whether the complainant is making gas by the cheapest and best way. We had testimony in this case in the shape of an engineering pronouncement made by Mr. Addicks and a number of eminent gas engineers in 1913, that with the rising price of gas oil the time had arrived when they should take up another method
34883 of making gas than the water gas method; and recently, as the witness will tell you, a number of big companies are going into this as one way of relief.

The Master: That may be, but I do not think—

Mr. O'Brien: Now, whether you are going to pass judgment in the end to the effect that this company cannot be required to abandon plants, that is another question. The witness has endeavored to show you here, to testify through the medium of this statement, that the company
34884 could and should now add to its method of making gas this method of making gas, and in that way cut down the cost of production.

The Master: I will let you ask the witness sufficiently to show what you are trying to prove, because I am inclined to be against you. I would rather have you ask the questions than to take the statement.

Mr. O'Brien: I put the witness on this afternoon as an accommodation, in order to give the complainant the benefit of the tables here, and this testimony; and if your Honor is going to rule

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against it, and require that we go through the examination of the witness, then I think we had better let it go over until some other day.

The Master: Why, you can ask him questions to bring this out.

Mr. O'Brien: The only point is this: I have done it as a matter of accommodation to the complainant, to give them the benefit of these papers so they could use them for such examination as they may see fit to make.

The Master: What is the use of wasting time to rule out a lot of questions some other day 34886
when it could be done today?

Mr. O'Brien: I would like your Honor to give it some consideration, because it is an important matter in this case. All right, I will go ahead and ask some questions.

Q. Mr. Little, is anthracite coal used in the making of coke oven gas?

Mr. Vilas: I object to that as incompetent, irrelevant and immaterial.

The Master: Objection overruled.

Mr. Vilas: Exception.

A. No.

The Master: Is bituminous coal used? 34887

The Witness: Yes.

The Master: I said anthracite before when I meant bituminous. That is very important.

Mr. O'Brien: Well, it is very important on account of the price, your Honor.

The Master: The point about it is this: The minute you create a demand for soft coal, unless the United States Government goes to the point of making the mining and selling of coal a public utility, as the State of New York is about to make the sale of milk, we are going to be in the

clutches of the miners. I think we have got to come to the mining and sale of coal as a public utility, the same as the railroads.

Mr. Clark: We are about at that point now.

The Master: I think we have got to come to legislation on that. Until we do, this company does not dare to start a demand for soft coal, and then have the price jump up sixty or seventy per cent.

Mr. Vilas: It takes twice as much coal to make the same amount of gas.

34889 The Master: Go ahead.

Q. Mr. Little, what are the different methods in use throughout the country at the present time of making gas?

Mr. Vilas: I object to that.

The Master: I will allow that.

A. The principal method is the production of gas from bituminous coal. Another method, of which you have had evidence in this, is the production of carburetted water gas. Another system is in use on the Pacific Coast, where gas is made from crude oil. When you come to coal gas, you can make it in many different ways and in many different kinds of plants.

By the Master:

34890 Q. What is the predominating method used in this country, outside of the places where they get the crude oil right out of the fields, or natural gas—what is the predominating method or methods?

A. It is a question whether water gas is or coal gas is, in quantity, if that is what you mean.

Q. Whether the method pursued by the Astoria Company over there, where they make water gas, and where they make what they call coal gas?

A. That is true.

Q. Those two methods are the predominating methods beyond any question?

A. Yes. Well, taking the Astoria benches, that is one way of making coal gas, but you can make it another way.

By the Master:

Q. But the extraction of gas from coal, generally speaking, known as coal gas, as distinguished from coke-oven gas, and water gas, are the predominating methods of making gas in this country, except in certain localities?

A. In this country, confining it only to city gas, 34892
possibly water gas is made slightly more than coal gas, up to the present time.

Q. But the two together undoubtedly predominate above everything else?

A. Oh, yes, combining the two together.

The Master: Just one other question, Mr. O'Brien, which may clear up the situation, and which may indicate my ruling completely.

Q. There is a system known as coke oven gas, is there?

A. When I said coal gas I meant coal gas made in any old way.

Q. But a particular form of coal gas is coke oven 34893
gas?

A. Yes. It can be further separated into coke oven gas and chamber oven gas.

Q. What is there to this talk that that is a by-product gas?

A. Nothing to it. If a coke man makes coke, the gas is a by-product; if a gas man distills coal, the coke is the by-product. It is only a name.

Q. This testimony which Mr. O'Brien referred to, this statement, had to do with the building of a new system?

A. No, it means the extension of the old system.

Q. Does it need new apparatus?

A. It needs extension of the apparatus they have, by building a—

Q. A new plant?

A. New unit of a plant.

Mr. Vilas: A wholly different kind of plant?

Q. The method of making will be different from what they have now, in any event?

A. In some way different, although they can use a considerable amount of their plant in conjunction with this proposed coke oven gas.

34895 Q. In any event it would require the building of a new unit?

A. Yes, sir.

By Mr. O'Brien:

Q. Will you state what that unit would consist of?

Mr. Vilas: Objected to.

The Master: I will allow that.

Mr. Vilas: Exception.

A. The way I have set it up here—

The Master: Don't tell us the way you have set it up here, tell us what it would consist of.

A. Would or might—it might consist of coke ovens,

34896 and it might consist of vertical retorts, continuously operated vertical retorts; or it might consist of chamber ovens, in which you don't use part of the gas produced in the ovens for heating the ovens, but you use outside producers which use up part of the coke or breeze produced in the ovens for making gas to heat the ovens themselves.

Q. And by vertical retorts you mean what?

A. I mean the most economical system of producing coal gas known to the present day, briefly, the Glover West, or the U. G. I. system, which is built by the people who hitherto have made more water gas machines than everybody else combined.

Q. Who are they?

A. United States Gas Improvement Company of Philadelphia.

Q. Are they using this method now?

A. They are.

Q. Where?

Mr. Vilas: I object to that as immaterial and irrelevant. What difference does it make what somebody in Philadelphia does?

Mr. O'Brien: I might state to your Honor that you may have pictured in your mind some terribly elaborate system that means the wiping 34898
out of properties that the company now has and which it bought at some expense, and supplanting it by something equally as expensive as what they have put in there. That you may not retain that view I would like to bring out from the witness, subject to the ruling which you may make later on, just what this means. We have stated already that the witness has in his testimony some changes that may be made in the existing plants to give them greater efficiency, and this is something practically along the same lines.

Mr. Vilas: It is not along the same lines at all. 34899

Mr. O'Brien: The amount of the expense to which they may be put will be part of our case, and the economy that comes out of this is so compelling that the big gas people today are meeting it and grasping it, and that is their method of meeting the conditions in which they find themselves today. That is why I have asked him about the U. G. I., and that is why I am going to ask him, if your Honor will permit, the question as to the Peoples Gas Company of Chicago, and other gas companies in this country.

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Mr. Vilas: He has set up a plant here that takes twice as much coal as another plant, or else he wants us to erect a new plant, a new water gas plant to run it with. There isn't a by-product coke company in the country today that is not on the verge of bankruptcy.

Mr. O'Brien: What would your Honor say if the evidence in this case pointed to gas oil going to 15 cents, or the wells running dry? This company has got to keep abreast of the times. The cryptic remarks of the eminent board of which Mr. Addicks was one in 1913, meant

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something, the combined judgment of some twelve gas engineers rang out the word of warning. The very establishment of the Astoria plant at the time it was established is only a further argument in that direction. Why did they get this vast acreage of 300 acres of waterfront at the time they did? Why did they put so many millions of dollars of the consumers' money in there? Why did they set up a coal gas plant?

The Master: I thought the proof in this case was that the $15,000,000 that went into the Astoria plant came from the pockets of some investors in the capital stock, according to Dr.

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Weber.

Mr. O'Brien: We will tell you more about that in a few days.

Mr. Vilas: The defendants are not exactly in accord on that evidence.

Mr. O'Brien: When Mr. Sangster gets through you will have a few more figures to take to Cuba with you that you can nurse when you get into the balmy breezes.

The Master: When are you going to put Sangster on?

Mr. O'Brien: Tomorrow, if you haven't anything else ready.

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The Master: How long will it take?

Mr. O'Brien: It won't take very long on the direct. I assume they will want considerable time to go over these figures. I can't see a question of doubt about the ruling on this proposition. The burden of proof is on the complainant, and they have not met it yet, to show that they are not only making gas economically and efficiently, but that they are making it by the best and latest process, and if they can make gas by using an extension to the plant that they have there, and make it for 19 cents, then they have got to make it and they have got to meet that proposition in 34904
this case before they can come in and assail this statute, because this statute does not say that gas must be made by the water gas method, or a coal gas method, or that it must come through natural gas, or through the crude oil process. It simply says the gas sold must be of a fixed quality, and it must be sold for not more than 80 cents. This is perfectly proper. We have been over this ground in the case before Justice Greenbaum, and it has got to come up. The Peoples Gas Company, and other gas companies are coming to this very thing, and today this company ought to be figuring upon what additions they can 34905
make to their Astoria plant of this kind in order to save money.

Mr. Vilas: Yes, and it costs them 57 cents today in Providence. It is going into great big issue here.

The Master: That is why I hesitate, because the minute I open this up I am going to try half a dozen gas cases throughout the country.

Mr. Chambers: Judge Nichols went into this quite thoroughly.

Mr. Vilas: And he came out of it, too, didn't he?

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Mr. Chambers: Well, we will get his decision shortly. Here's hoping.

Mr. Clark: Suppose your Honor should find that these high prices are going to be normal prices, wouldn't we be entitled to show that there is a way to meet it by making gas cheaper in the future?

Mr. Vilas: Look at the first page. He is going to build a twelve billion foot plant. Do you call that an extension to the present plant?

Mr. Chambers: In the Albany case Judge Nichols let all this testimony in. They were about
34907 to establish a coke oven plant outside there and sell gas to the Albany Company, and he let that all in, allowed both sides to go the limit. He said if that was the case he was going to dismiss the complaint, there couldn't be any question that the statute was constitutional if they made coke oven gas; and he warned Mr. Graff on the stand that if the contract to build that coke oven plant was signed up he would dismiss the complaint, and Mr. Graff admitted that if that was done they could buy gas anywhere from fifteen cents to twenty-five cents.

Mr. Vilas: Not today.

34908 Mr. Chambers: Something happened. The Albany Company was about to close up the contract with this company that was going to build the coke oven plant, of course the case was going on, and they heard what Judge Nichols said. The contract was not signed up, and has not been signed up yet. I don't know what will happen after we get a decision. Coke oven gas can be sold at a profit at fifteen cents a thousand cubic feet, according to what Mr. Graff said in that case.

Mr. Vilas: What would you do with the acres and acres of coke that would come out of that kind of a plant in New York City?

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Mr. Chambers: The coke companies will take care of that.

Mr. Vilas: Sell it at fifty cents a ton?

Mr. Chambers: Oh, there is money in it.

Mr. Vilas: I suppose you would have us establish a steel plant in order to use the coke.

Mr. O'Brien: I would like to put a few questions. I think they are illuminative and that your Honor will rule favorably on the whole thing. I have asked about one big company of the country. The question of the practice of other companies at this time may be important to your Honor.

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The Master: Mr. Vilas, what have you to say about Mr. O'Brien's argument that the statute does not require you to make gas in one form or another, and that if it is cheaper for you to scrape your present plants and build a new plant, that you have to do it.

Mr. Vilas: I say what your Honor has said on other questions in this case, that it is not for you to determine what is proper business policy on the part of the officers of the company.

The Master: Where there is room for argument—

Mr. Vilas: There is room for argument here.

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The Master: This is the question that is in my mind, whether it would not be safer to take this statement, and have you bring out on cross-examination the difficulties of this kind of a situation.

Mr. Vilas: We are bringing in an issue here that will take days.

Mr. O'Brien: That does not go to the admissibility.

Mr. Vilas: He will see here he is going to set up a plant to produce twelve billion cubic feet.

Mr. O'Brien: No, you have made a mistake on that.

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Mr. Vilas: Six billion to be sold and six billion to be used in the retorts. In other words, you take two tons of coal to produce the same amount of gas for sale that you now get out of one ton.

Mr. O'Brien: You and I do not need to argue about whether that is the proper thing or not. Here is a man who says it is. He says you should add to what you have there something that will enable you to fight the rising price of gas oil. Here is a man who says that other companies are doing it. If the People's Gas Company in Chicago
34913 can get their gas that way for ten cents, why should not the Consolidated Gas Company of New York do the same thing. All of it is subject to testimony, expert opinion, scientific opinion, and then the final judgment of the Master, after you have heard the testimony and heard the cross-examination. As to the admissibility of this testimony there can be no question.

Mr. Vilas: Then the complainant will have to come back with its own witness to prove that it is a crazy proposition, that every coke oven plant in the country is on the verge of bankruptcy, that the price is going up and up constantly, etc. We have
34914 a new issue in the case to try out. The question is whether this company under the statutes that are in force in this state, under the methods which have been used here for the last thirty-five years, can make and sell gas for eighty cents.

The Master: And whether they can make and sell gas for eighty cents and make a good profit, by doing what Mr. Little says they should do.

Mr. Vilas: Scrapping and amortizing their present plant.

The Master: That is another question. Mr. Little, how much money do you figure it would

take to put up this new unit that you are talking about?

The Witness: About eight million dollars.

The Master: I am going to sustain all objections. I am going to rule now that there isn't anything that requires this company to find eight million dollars at this time, in these days, to put into another unit.

Mr. O'Brien: Well, I am sorry to see your Honor so hasty. You put your judgment up against the judgment of the best gas engineers in the country.

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The Master: No—

Mr. O'Brien: It has taken you just three minutes to make up your mind on a subject that has demanded the attention—

The Master: You misunderstand me. I have made up my mind that in this case the Court will not go into the question of this company spending eight million dollars today to put up a plant on the theory advanced by Mr. Little or any other witness, and upon the suggestion or chance that it may produce cheaper gas. I do not think this company is required to put in eight million dollars additional capital.

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Mr. O'Brien: Your Honor has not heard the testimony of the witness. The witness has not suggested at this time scrapping some of the existing plants. The witness has suggested a way by which this plant may be extended, by which they can take care of a future that may threaten; and if before this case reaches a higher court this very company, and all the big gas companies of the country, had to determine as a matter

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of economy and a matter of business wisdom that they should do it, and therefore had done it at that time, what is your Honor going to say then?

The Master: I will be dead by that time.

Mr. O'Brien: I hope not. I hope you are going to live long enough to see this case properly settled. If you will let me proceed with my questions you can make your rulings. I hope you won't give way because you are going to reverse yourself on that before this case is over. I have said many times during the progress of this case, now in its seventh month of trial, that I hoped we would not have an abortive litigation, it costs too much money, it is too important to the complainant company, its stockholders and the consumers. This is one way to have an abortive case. If there is anything in the theory they would meet it, they would say, "We will meet that when it comes, we will show how absolutely impracticable the scheme is."

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The Master: I am frank to say this, that I think if I were representing the Gas Company, with as much knowledge as I have of this litigation from what I have gathered in this case, I should probably be inclined to let you go as far as you like, and lead you up to a stone wall, and then knock your head against it. That would be my theory of trying the case, but that is not theirs.

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Mr. Chambers: Why shouldn't they be willing to listen and learn something about making gas, get away from their antiquated and antediluvian ideas?

Mr. O'Brien: I think your Honor feels that you are doing your duty when you say, "They

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have objected to it and they are taking the responsibility," but you are not.

The Master: No, I think their objection is well founded, but I would not make a well founded objection if I thought I could lead you into a corner and beat you at your own game.

Mr. O'Brien: What are you going to say in the face of the fact that the People's Gas Company of Chicago, a larger company than the complainant company, has seen fit to adopt this kind of gas, and are buying it at ten cents a thousand cubic feet today.

Mr. Vilas: Not today.

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Mr. O'Brien: As we will prove through the witness. Now, if they have seen fit to do that, if you won't take the testimony to show just how much profit it means, how can you pass judgment on it? Just suppose we had a company that was making gas by the water gas method, and they could readily put in a coal gas proposition, and there were good business reasons why they should put it in, provided they would not lose too much money in the installing of such a plant, your Honor would have to receive that evidence, you could not exclude it.

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Mr. Chambers: I cannot see why the company is unwilling to listen to the unfolding of this proposition which may be of great benefit to them, which would be worth all the money they are going to spend in this lawsuit. They probably won't get anything else but some light, and why shouldn't they take it? Are they so blind that they won't listen to something new and something worth while?

The Master: It is not new.

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Mr. Vilas: We have heard of it somewhere before.

The Master: According to Mr. O'Brien, Mr. Addicks as chairman of some committee advocated something of this kind seven years ago. It is not new to Mr. Addicks apparently.

Mr. Vilas: He didn't advocate anything of this kind.

Mr. Chambers: There is something wrong. This is one of the solutions of the problem. I made a study of it somewhat myself. I am satisfied about it, and Judge Nichols was. He saw

34925 it and Graff had to admit it in that case. It offers a good solution, I think, for the troubles of the gas company.

Mr. Vilas: What Mr. O'Brien said about Mr. Addicks was a statement about the oil supply. That had nothing to do with this coke oven proposition.

Mr. O'Brien: Mr. Addicks didn't mention coke oven gas, but it meant coal gas. Whether it included all kinds or not I don't know, but Mr. Addicks did not mention coke oven gas as such. But today the Peoples Gas Company of Chicago, if they are starting to make coke oven gas them-

34926 selves at less than ten cents, you have got down to a proposition here, and if you exclude this from the case, and there are no other grounds for reversal of your judgment in the end, that will be sufficient. There is no use of our proceeding that. I say to the men on the other side, the people who represent this complainant company, that they owe something, they owe a duty to the stockholders of that company, consistent with my public duty. I owe a certain degree of responsibility to everybody concerned in the case, and on this proposition that they should adopt this method

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that they may adopt it and save money, and that therefore it should be admitted here. That simply cannot be refuted. Your Honor has been clamoring from the beginning of this case, "tell me it costs to make gas." We have come back to try to tell you in another way how much, how you may make gas.

The Master: You want to show me how to make gas in some other form.

Mr. Chambers: Well, aren't you going to? You are going to recommend something that may be used.

The Master: No, I won't consider it.

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Mr. Chambers: I thought you were going to recommend the use of something else.

The Master: Yes, by eliminating candle power.

Mr. Chambers: Recommending British thermal units?

The Master: Yes.

Mr. Chambers: Now, if you are going to do that, why not listen to this proof and make that another little recommendation, a Twentieth Century recommendation? You might be doing a good turn to the gas consumers here if this appealed to you, and it is recommended that the company change its front and get abreast of the

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times and up to date. If they are going to always stick to water gas up to the time when there is no longer any gas oil to be had, why, I do not think your Honor ought to compel the consumers to shoulder the expense.

Mr. O'Brien: You have just touched a very tender spot in Mr. Little's testimony, and that is the method that should be adopted by the company, not radically, but with reasonable expedition, to extend themselves. Your Honor has received testimony today, or yesterday or Saturday,

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on cross-examination, last Saturday, has allowed over my objection, because I held it was not cross-examination, has allowed the witness to repeat the testimony he gave in a proceeding in Illinois as to not keeping your eggs all in one basket in the gas business, you wanted to hear it, you showed alacrity to find out what the witness had in mind as to not keeping your eggs all in one basket, and having another way to make gas. Now, we come forward and say there is a third way to make gas, and the trend of the big and the wise companies today is toward that, and they are taking it

34931 up in the Peoples Gas Company in Chicago, and in the U. G. I., two very large companies have recognized the business economy of it.

Mr. Vilas: Bear in mind they have a 22-candle power standard in Chicago, are not making coke oven gas on the 22-candle power standard.

The Master: Well, that gas could be enriched, I suppose?

Mr. O'Brien: We will take care of that, Mr. Vilas.

Mr. Clark: Your Honor allowed Mr. Woods to testify at length in regard to the futility of the coke oven method in New York on cross-exam-

34932 ination, and this simply keeps us from meeting that.

Mr. Vilas: Well, he testified they had been into it time and again, and knew all about it.

Mr. Clark: We cannot meet his testimony.

The Master: Not at all, you cannot get it in on your theory under any circumstances. You cannot cross-examine Mr. Woods and bring out matters of that kind and then seek to attack it. You cannot do that. I am absolutely opposed to that.

Mr. O'Brien: But your Honor, I want to bring before you some of the engineering journals, and

34933

I want to have you see how far-spread this movement is, and you made up your mind if you took sick with the "flu" you would see that your recommendation got to the legislature in reference to B. T. U.'s, the British thermal unit system, to supplant the candle power system under the present statute in order that gas companies might get out of the clutches of these oil companies. Now, a witness has brought you one solution, an additional solution today over those that you mentioned when he was last on the stand.

Mr. Clark: I think your Honor will find Mr. Woods testified to that proposition not only on cross, but on re-direct. 34934

Mr. O'Brien: Not only that, but Mr. Miller himself, the complainant's witness, told you they were gradually taking up the coke oven method.

Mr. Vilas: When did he say that?

Mr. O'Brien: In his testimony on the stand in this case. Mr. Miller asserted it.

Mr. Vilas: Who was taking it up?

Mr. O'Brien: Look at your record.

Mr. Vilas: Who was taking it up?

Mr. O'Brien: In his company. I will have something to say later about old-fashioned methods. Why, the very company, as Mr. Little advises me, the very company that Mr. Miller is connected with in Baltimore, is buying coke oven gas, your Honor. 34935

Mr. Vilas: What for?

Mr. O'Brien: No reason why the stockholders or anybody in this company should suffer because some of the Senores in the company, eminent in their day, want to hold on to the old time method, keep the junk at 14th Street and 42nd Street, hang on to 99th Street and 41st Street, and keep those investments so enlarged that they will have

to have a tremendous amount of money to show a return upon. No reason why these old time methods should prevail. What you need is efficiency here, and engineering judgment and economy. That is the way to meet these statutes. These great cities of the country, and these gas companies that are meeting with certain local conditions are meeting practically the same problems that confront every gas company. If they are taking up this method, your Honor has got to go into that subject, and if you leave
34937 it out there is a serious defect in the case. St. Paul, Chicago, St. Louis, Baltimore, Boston, are taking it up.

Mr. Vilas: Don't forget Providence.

Mr. O'Brien: May I add this, your Honor, that I continue the examination, and you may make your rulings, and then we can, at the right time, make this paper for identification.

Q. I will repeat my question, Mr. Little, as to the U. G. I., where they are using this process of making gas or using gas made by this process?

Mr. Vilas: There was an objection entered on that, and it has not been passed on yet.

34938 The Master: What is the U. G. I.?

Mr. O'Brien: The United Gas Improvement Company.

The Master: Where are they?

Mr. Vilas: Philadelphia.

The Master: Is your question that the U. G. I., a gas making company—

Mr. O'Brien: They make plants.

The Witness: And operate plants.

The Master: Let me ask a question, before I rule on this.

Mr. O'Brien: The point is, your Honor, that in St. Louis, Chicago and Milwaukee and Detroit, and St. Paul, Baltimore and Boston, this method has been taken up, it has been recognized.

The Master: You have asked the witness whether the U. G. I. get their gas from this method, or buy this gas.

Mr. Vilas: They principally make water gas machines.

The Master: What is the U. G. I.?

The Witness: The U. G. I. Company was originally formed, as I understand, to build water 34940
gas and other kinds of plants. Since then they have acquired the right to operate the Equitable plants in Philadelphia, and they have control over the whole gas situation in Philadelphia.

The Master: We will just strike out, "they have control over the entire gas situation in Philadelphia." Do they operate the Equitable Gas Light Company of Philadelphia, their plants?

The Witness: Yes, sir, they do.

The Master: Now, is it your question, Mr. O'Brien, whether in that plant, the Equitable plant, they have this system that Mr. Little is talking about, or whether they buy coke oven gas 34941
from someone else?

Mr. O'Brien: The witness has stated that the U. G. I. used coke oven gas.

The Witness: I think I can clear that up. We were talking about coal gas.

By the Master:

Q. So that we will know what we are talking about, this gas we now have under consideration, we can call coke oven gas, can we?

A. Yes, sir, but I would like to say that the U. G. I.—

34942 A. S. B. Little, Direct.

Q. Wait a minute. What I want to get clear, so that we won't confuse ourselves, is that the gas that is now being made in Astoria, we will say, is known as coal gas?

A. Coal gas and water gas.

Q. Yes, but I mean leaving aside the water gas, the balance of the gas is made by what is known as the coal gas method?

A. Yes.

Q. And the method that you have proposed in the statement before me, and about which this discussion revolves, is what is known as coke oven gas, is that the

34943 idea?

A. It is coal gas made in a coke oven. I do not want to quibble with your Honor. It is all coal gas.

Q. Isn't it the system known as coke oven gas, generally, in your art?

A. Yes.

Q. So that, without binding anybody to anything, can we call it coke oven gas as distinguished from coal gas, for the purpose of this discussion?

A. For the purpose of this case, you can.

Q. For the purpose of distinction between the two

34944 methods?

A. Yes.

The Master: Now, is it your question, Mr. O'Brien, whether the Equitable Company operated by the U. G. I. in Philadelphia, make gas by the coke oven method, or is it your question as to whether they buy some coke oven gas from some outside concern?

Mr. O'Brien: Well, I asked him whether they were using coke oven gas.

The Master: I will sustain that objection.

Mr. O'Brien: Exception.

By Mr. O'Brien:

Q. Does the U. G. I. make coke oven gas, as the Master has used that term?

The Master: Do they make it in the Equitable plant?

The Witness: No, sir.

The Master: As part of the Equitable plant?

The Witness: No, sir; they do not.

The Master: This matter is entirely too important to take volunteered statements.

The Witness: There was a misstatement in the first part of the question that might clear up this 34946
whole thing.

The Master: No, as I understand it—

Mr. O'Brien (interrupting): The reason I have asked your Honor these questions, and they are proper is this: You opened the door yourself today, you wanted to know about dominant methods of making gas.

The Master: Yes.

Mr. O'Brien: Now, that was the very proposition I had up in the Kings County case where the question as to how generally companies throughout the country had adopted the coal gas method, or the coal gas enriched with oil. 34947

The Master: Let me see if I can get clearly to you what is in my mind. You say you want to show that this company is not using a system generally used by gas companies throughout the United States?

Mr. O'Brien: No, I did not say that.

The Master: Well, I understood you to say that, and I was inclined to allow you to show that. Now, I can see at once where in certain sections of the country gas companies can buy coke oven gas very cheap. I won't take that

proof. I won't take that proof at all. Now, if the witness had said that the Equitable Company in Philadelphia does not as a part of its gas production plant make coke oven gas I gather from the fact that you have asked the question: "Do they use it," which I rule out, and the witness's statement that they did not make it themselves, that they buy coke oven gas from some other source, and that I won't take.

Mr. O'Brien: Well, your Honor is not afraid of his making the statement. You can strike

34949 it out.

By Mr. O'Brien:

Q. I will ask the witness now what connection has the U. G. I. with the coke oven method.

A. I am afraid I am going over into that question again.

Q. Well, the Master can strike it out.

A. There was a misconception in the beginning.

By the Master:

Q. Does the U. G. I. make coke oven gas?

A. No, sir, vertical retort gas. The two questions were coupled together in the beginning, as to whether they used coke oven or vertical retort.

34950 Q. So the U. G. I. makes what is called vertical retort gas?

A. Yes.

Q. Not the system that you are referring to here?

A. That is right.

Q. A different system?

A. Yes.

Q. Now, is that the gas that is used by the Equitable Company?

A. Yes, partly, and they also make water gas.

Q. But they do not—the Equitable Company and the U. G. I. do not either make or use coke oven gas, as I now understand it?

A. Unless it is within recent years, that I know nothing about.

Q. Now, the Equitable is out of it now. Now the next question.

By Mr. O'Brien:

Q. Well, the Public Service Corporation is using or buying it in New Jersey?

The Master: No, I won't take that. Show me some other company that is making it as 34952
part of their manufacturing plant and I will take it.

Mr. O'Brien: I do not understand that hair distinction, your Honor.

The Master: Well, I do. I will let you ask this witness to name any gas companies in the United States, which as part of its production plant, makes coke oven gas.

Q. Is coke oven gas made by a gas company in Indianapolis?

A. Yes.

The Master: As part of its plant?

The Witness: Yes. 34953

Q. Is it?

A. Used to be run by Mr. Graff.

Mr. Chambers: Carl H. Graff?

The Witness: Yes.

Q. Will you name some other companies making coke oven gas?

A. St. Louis.

Q. Where else?

A. I do not know any others that occur to me right now.

The Master: As I understand it, Indianapolis and St. Louis, as part of their production plant, make coke oven gas?

The Witness: Yes, sir.

The Master: Of the kind that you refer to in this statement that we are still talking about?

The Witness: Yes, sir.

Q. How many companies can you name in the larger cities now, Mr. Little, which are purchasing and selling to those consumers coke oven gas?

Mr. Vilas: Same objection.

34955 The Master: That objection is sustained.

Mr. O'Brien: Exception.

The Master: I will let you show preliminary to that that there is some place in New York from which the Consolidated could buy coke oven gas.

Q. Is there any company in or around New York City making coke oven gas?

Mr. Vilas: Limit it to gas companies.

The Master: No, if there is any company making coke oven gas that you could buy it so cheaply that the public could get the benefit of it, I will take it.

Mr. Vilas: Exception.

34956 A. No. It is being made in New Jersey, but that gas is all sold, and therefore the Consolidated could not get it

Q. Well, they are making it and selling it, that is my question?

A. Yes.

The Master: But my question is what could the Consolidated get, could they get any of it, and the witness has said very frankly that they cannot. That is the Seaboard By-Products Company?

The Witness: Yes.

34957

The Master: And it has a contract with the Public Service Corporation of New Jersey?

The Witness: Yes, sir.

The Master: That is the only one you know of?

The Witness: In this locality, yes, sir.

The Master: There is no other place the Consolidated could buy coke oven gas that you know of, around here?

The Witness: No, there isn't any.

The Master: In other words, they could not deliver coke oven gas to the consumers in New York unless they built a coke oven plant, could they?

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The Witness: That is right, unless they went in—not at the present time, but they could go to a company and make a contract for building ovens and purchasing the gas from them.

The Master: They might.

The Witness: They could.

Mr. O'Brien: They ought to.

The Master: Where is there a concern now that is going to do it?

Mr. O'Brien: Why, in the Woolworth Building, right under Judge Mayer's office.

34959

Mr. Chambers: They came up in Albany and they are ready to build it up there.

Mr. O'Brien: They will give you a figure overnight, your Honor.

Mr. Chambers: And they are crazy to build them, you know.

The Witness: They are doing that in St. Louis right now

The Master: We understand now that there is a gas company in Indianapolis, and a company in St. Louis, that makes coke oven gas, we will have that clear, and we have the intimation at

34569 least that there are other companies throughout the United States who buy some coke oven gas.

The Witness: Yes, sir.

Mr. O'Brien: I suggest the record is being bitten and chewed up here.

The Master: No, that is why I am getting it into shape, so that it won't be bitten and chewed up, that is why I am putting in a summary here that perhaps includes some matter—

Mr. O'Brien: Of course, you are examining the witness, you are asking the questions and shutting our questions out.

34961 The Master: No.

Mr. O'Brien: And you ask just the questions you want to ask and no others.

The Master: I am trying to get his testimony clear. I have allowed you to prove and the witness has testified, there are two gas companies that make coke oven gas. I am now permitting the witness to say that there are other companies throughout the United States that purchase coke oven gas. Is that right, Mr. Little?

The Witness: Gas companies purchase it, yes.

The Master: I ruled that out on you, but now I am getting it in. I likewise have it clear on
34962 the record that the Consolidated Gas Company could not buy coke oven gas, but would have to make it.

Mr. O'Brien: No, the witness did not state that. You are paraphrasing the witness's testimony.

The Master: I want to get it perfectly fair for you on the record. There is no existing plant now from which they could buy coke oven gas.

The Witness: That is right.

The Master: Now, go ahead.

By Mr. O'Brien:

Q. If the contract with the Public Service Corporation of the Seaboard By-Products Company ran out, you do not know of any reason why they could not make a contract with the Consolidated Gas Company, do you?

Mr. Vilas: I object to that. How can they get it over here in interstate commerce. Bring it over in barges?

The Master: I will let the witness say how he would get it over here—build a tunnel.

The Witness: They could get it over the same 34964
as they get it over from Long Island.

The Master: Build a tunnel?

The Witness: Certainly.

The Master: Did you ever undertake to build a tunnel from New Jersey over here and see how much it would cost?

The Witness: No.

The Master: Do you think it is practicable?

The Witness: Yes.

The Master: Within how many years could it be done?

The Witness: Time to build it?

The Master: Yes. 34965

The Witness: It depends on how many men you put on.

The Master: And what expense?

The Witness: I do not know, but it will be no more expensive per mile or per foot than it was from Astoria to 72nd Street or 132nd Street.

The Master: Did you examine the bed of the river over there?

The Witness: No, but I have read—

By the Master:

Q. Do you know the width of the river?

34966 A. S. B. Little, Direct.

Mr. O'Brien: Just let the witness answer one question, your Honor. I am going to protest to your trying to reduce his testimony to an absurdity.

Q. Do you know the width of the river?

Mr. O'Brien: He started to say something and you interrupted him.

A. I could not say it right out.

Q. Have you considered the comparative situation, the engineering problems with reference to tunnelling the Hudson and tunnelling at the space up there?

34967 A. I might say that I am being drawn into a series of questions I would not testify to on direct-examination that it is feasible or possible to buy it over there, because you might do so much better somewhere else.

The Master: Go ahead.

By Mr. O'Brien:

Q. How much space would a coke oven unit take up?

Mr. Vilas: I object to that.

The Master: I am going to take that.

Mr. Vilas: Exception.

A. It would depend upon the size of the unit, of

34968 course that you built, but assuming six billion feet of gas for sale per annum, six billion six hundred thousand, made on this particular plan, the ground space required would not exceed twenty-eight acres.

Q. Twenty-eight acres?

A. Twenty-eight acres.

Q. Now, you were asked—

The Master: What did you say, twenty or twenty-eight?

The Witness: Twenty-eight.

Q. You were asked a minute ago by his Honor what companies purchased coke oven gas?

The Master: No, I did not say that. I had him testify that there were companies that purchased coke oven gas. I do not care to have them enumerated.

Mr. O'Brien: Well, will you let the witness substantiate what I myself told you, that Baltimore, Detroit, St. Paul, St. Louis—

The Master: No, that is immaterial, but I think you have sufficient, you have it on the record now that there are companies that buy coke oven gas.

Q. Does the People's Gas Company of Chicago purchase much coke oven gas? 34970

Mr. Vilas: Objected to.

The Master: Objection sustained.

Mr. O'Brien: Exception.

Q. How much coke oven gas do they purchase?

The Master: Same ruling.

Mr. O'Brien: Exception.

Q. Have they adopted plans, the People's Gas Company of Chicago, to make their own coke oven gas?

Mr. Vilas: Objection.

The Master: I will sustain the objection. The question is too indefinite, calls for a conclusion of the witness.

Q. Has the People's Gas Company of Chicago 34971 bought any land on which to erect a coke oven plant?

The Master: Objection sustained; it calls for a conclusion of the witness.

Mr. O'Brien: Exception.

Q. Have they made any contracts for the erection of a coke oven plant?

Mr. Vilas: Objection.

The Master: Objection sustained, the contracts will speak for themselves, and are the best evidence.

Mr. O'Brien: Well, we can produce them too. I have a copy of a contract right here, your Honor.

The Master: I am ruling on the questions you are asking this witness.

Q. What would be the dimensions of a coke oven unit capable of producing 6,000,000 cubic feet of gas that you refer to?

Mr. Vilas: Objected to as immaterial.

The Master: That goes back to the same old question. If I allow that question, I might as

34073 well allow the statement in, and I confess I am uncertain.

Mr. O'Brien: Your Honor, you can rule it out before the end of the case, if in your judgment it should be ruled out. I am speaking now, if I may, without any partisanship of an attorney representing one of the defendants, and as we go along, if there are some things, some propositions of more or less doubtless status, so far as their admissibility is concerned, I do not think anyone can suffer by allowing it to go in. Now, in this very matter, I am frankly convinced that Mr. Vilas is making a serious mistake for his own

34074 client in trying to keep out of this record the proposition that there is another method of making gas, that is being generally recognized, that may be adopted by the complainant, with the expenditure of comparatively a small amount of money, and which will cut down materially the cost of making gas. Now, they may put on a witness to say that it is entirely impracticable, that it would be the most foolish thing in the world from a business standpoint to do it, to spend a certain amount of money to do that, for the reason that this, that or the other drawback would

develop if they started to make some of their gas by that method. 34975

The Master: Well, Mr. Vilas, I am rather impressed with some of the argument of Mr. O'Brien. I really believe that perhaps that is the answer to the situation. I am predisposed against Mr. O'Brien, I think more to the conclusion that he wants me to reach, rather then to the proof that he wants to offer. In other words, I am inclined to the view that after Mr. Little has gotten all through presenting his views, and Mr. Addicks has come back and Mr. Woods, and said, "Well, we have looked at it, and here is the 34976
trouble with that situation, it will take $10,000,000 to put up a plant, assuming you can get the labor and material, and take several years to put it up, we have got to scrap then a lot of things we are using, and it means a total expense of $15,000,000 or $20,000,000, and our judgment is against it" and so on and so forth. I would be disposed to conclude against Mr. O'Brien, but perhaps that is what has been in my mind more than the question of the propriety of the evidence, but I can see where it is going to take additional time to go into this issue, and the query is is this a proper issue? This company is not 34977
obliged to make gas as they are making it. Now, if they can scrap all these plants and make gas so cheaply that the present cost of labor and material and the rest of it would not cut any figure, and the scrapping of plants would not cut any figure, and additional investment would not cut any additional figure, and when they get all through they would make a handsome profit on the gas they are selling at 80 cents, I imagine the people are entitled to have it and I am inclined to agree with Mr. O'Brien that the officers of this

34978 company cannot stubbornly say they cannot adopt a new method because they do not want to bother with it, and do not want to do it.

Mr. Vilas: As I said, if you allow this testimony in, we will have to meet the issue, and we will meet it, and it may take two weeks or thirty days more, but it will run into time and we will have to investigate this subject and this testimony. If it goes in and your Honor places no weight on it, we have got to rebut it in any event.

The Master: I have got to place some weight on it, to the extent that Mr. Little says that if this
34979 company would put in this additional investment, it could make gas very much cheaper than it is making it now. His testimony up to date is that with present methods, assuming the cost of distribution as they claim it is, you cannot make a fair return on your investment. Now, he starts off with that. But he says if you put in some additional labor saving devices in the plant as it stands, you would make a fair return. I have taken that. That is subject to cross-examination. Now, he goes one step further and says, "Why, in addition to what I have said you could put in a coke oven plant and make a handsome profit
34980 and people would be getting their gas cheaper." I think that is highly problematical. I think his statement as to the ability to sell his coke sort of damns the whole scheme because the whole scheme depends upon the ability to sell the coke. If the coke piled up mountain high, or as you, Mr. O'Brien, said earlier in the case, as high as the Himalayas, this case—

Mr. O'Brien: Well, we will buy coke. I have a gas bill of $16.24 for the last month in my own home.

34981

The Master: What will you do with the coke?

Mr. O'Brien: We will buy a little coke, maybe.

The Master: How would you use it?

Mr. O'Brien: Well, we will use it in the kitchen ranges.

The Master: But the people of New York have not gotten to using coke yet.

Mr. Vilas: Where would we sell the gas if we used the coke in the kitchen?

Mr. O'Brien: The coke will be sold, if it is given a chance to live.

Mr. Vilas: What will become of the gas? 34982

Mr. O'Brien: That is a matter we will meet you on right here in this case.

The Master: Do you still think I ought to rule this out, Mr. Vilas, in view of what I have said?

Mr. Vilas: I still think—

The Master: Or wouldn't you like to do more than place your objection and press it? Suppose I do this? I don't want to press you to a conclusion now, it is a rather delicate question, but suppose you think it over until tomorrow morning, and confer with your associates, and what I would like to get from you is an intimation you would just as leave have me rule against you and 34983
save your exception, that is what I would like to get. If you press your objection and insist on it, I will make up my mind between now and tomorrow morning just what I will do. Now, if I conclude to take the testimony, I will take the statement, and then I will give you a chance to analyze it.

Mr. Vilas: Oh, yes, take the statement with all our rights reserved.

The Master: Mr. O'Brien says he will have Mr. Sangster ready in the morning; he has got some tables to put in.

Mr. O'Brien: Before you come to that, your Honor, just let me put a little idea in your mind to sleep on tonight. I would like to show the absurdity of making any objection to the admissibility of this. Supposing we were to say to Mr. Little:

"Q. Do you say this company could meet the situation of high prices better by making more coal gas than they do?

"A. Yes.

"Q. And you would suggest their buying more units
34985 for coal gas?

"A. Yes.

"Q. And do you think they could make more coal gas with the units they have got?

"A. Yes, and I will tell the jury why.

"Q. Why do you think so, prove the statement to be correct as an engineering proposition"—

and I come then to the second branch of the testimony, and I say:

"Now, how many units would you add to get the capacity which you think could be used by this company at its Astoria plant to product this economy?"

34986 The Master: I am inclined to think that I better take it. I can see where it is going to take some time, but I am afraid it is an issue that we have got to have. Suppose you hold this until tomorrow morning. Is there anything else we can do tonight?

Mr. O'Brien: No, your Honor. We will save all the time. I want to repeat the request I made some time ago in writing of counsel of the complainant for leave to make certain photographs at Astoria. That has never been answered, and I trust will be in a day or two.

34987

Mr. Vilas: Well, that letter was taken by Judge Ransom, and I have not seen him since the day he took it, as I recall it.

Mr. O'Brien: Well, I only ask that it be put off not too long. Of course I do not need to say that we would respect in every way the questions of safety.

Mr. Vilas: Some reply will be made to it.

The Master: Let the record stand this way, in order to bring out concretely the question. Mr. O'Brien presses the last question on the record, namely, as to the size of the building, I think, that will be required for this additional 34988
unit. Isn't that the question?

Mr. O'Brien: Yes.

The Master: To that Mr. Vilas has objected on the ground it is immaterial and irrelevant. I am holding my ruling on that until tomorrow morning. If I rule that question in, then I will rule in the entire statement prepared by the witness as his testimony, in the same form that I took his prior statement. If I rule it out I shall suspend Mr. Little's examination until we convene on the 11th of February, so that Mr. Little's appearence here tomorrow morning will be very brief indeed, only about five minutes, then we 34989
will have Mr. Sangster.

Adjourned to Friday, January 30, 1920, at 9:30 o'clock A. M.

Last Complainant's Exhibit 459.
Last Defendants' Exhibit AA307.

CONSOLIDATED GAS COMPANY OF NEW YORK vs. NEWTON, ETC., *et al.* 34993

Before: ABRAHAM S. GILBERT, Special Master.

NEW YORK, January 30, 1920.

Met pursuant to adjournment.

Present: MR. VILAS and MR. GOETZ, of Counsel for Complainant.

MR. CHAMBERS, of Counsel for defendant Newton.

MR. HAYWARD, MR. CLARK and MR. NEUMANN, of Counsel for Public Service Commission. 34994

MR. O'BRIEN, of Counsel for defendant Swann.

The Master: At the close of the session yesterday afternoon I took under consideration an objection made by Mr. Vilas to a question put by Mr. O'Brien to the witness Little, which in substance was in line with the statement prepared by the witness Little as to the feasibility of extending the Astoria plant by a coke oven plant. The record shows, and I said yesterday, "If I rule that 34995
question in, then I will rule in the entire statement prepared by the witness as his testimony, in the same form that I took his prior statement."

I think the objection should be overruled and the witness be permitted to answer the question. I shall therefore have the stenographer spread upon the minutes the statement prepared by the witness as his answer to the last question, subject to the objections made and subject to any motion that is subsequently made to strike out any part

34996

of the statement that may develop to be hearsay or otherwise improper.

Mr. Vilas: With exception to complainant's counsel.

The Master: With exception to Mr. Vilas. The cross-examination will be reserved until we resume on the 11th.

The statement is spread on the record as the answer of the witness Little, as follows:

34997 CONSOLIDATED GAS COMPANY OF NEW YORK

vs.

NEWTON, ETC., *et al.*

SUBJECT: PROPOSED BY-PRODUCT COKE OVEN PLANT.

Description. This suggested coke oven plant is of standard design, operating with a dual system of hot gas mains for the separation of rich and lean gas as it comes from the distillation chamber. It would be capable of producing, year in and year out, not less than 82.2 per cent of the rated daily capacity. This
34998 rated daily capacity is fixed for the purpose of this exhibit at 40 million cubic feet, of which 18 million feet or 9/20 would be needed to heat the ovens and for other fuel uses in the plant, leaving 22 million cubic feet per day for distribution. This would give a normal yearly average of 12,000,000,000 cubic feet of gas produced, comprising rich and lean gas in which there would be a yearly average of 6,000,000,000 cubic feet having not less than 16 candle power and close to 625 B. T. U. value when tested at the plant.

34999

Total Gas Requirement. This proposed coke oven plant is designed to produce 6,600,000,000 cubic feet of illuminating gas, and 23,660,000,000 cubic feet will be required under average conditions in the year 1920. The coke oven gas will be supplemented by the gas made in the retort plants at Astoria which can produce 6,278,777,000 cubic feet in the manner shown elsewhere in this evidence. There would be required under these conditions a further production of 10,781,223,000 cubic feet which can be manufactured on the water gas machines.

Coal Required. This by-product plant would produce from standard Connellsville, Consolidated, Westmoreland or Fairmont coal not less than 11,000 cubic feet of gas per ton of bituminous coal carbonized of which 4960 feet would be fuel gas and 6040 feet City gas. In combination with the gas coal there would be used enough of the high carbon coking coal to make the average mixture close to 30 per cent volatile. From the figures already given, *i. e.*, 12,000,000,000 cubic feet of gas made per annum and 11,000 cubic feet evolved per ton of coal distilled, we arrive at the amount of coal needed. 35000

Coal required per annum 1,090,909 tons (Net).

Coke Produced. On the basis of the coke available in average work, being 67% by weight of the coal carbonized, this percentage embracing the commercial product comprising ash, breeze, pea, nut and lump coke, the total amount of "coke" produced would be: 35291

Coke produced per annum 730,909 tons.

Coke Disposal. To assist in the manufacture of 10,781,223,000 feet of water gas as hereinbefore indicated there could be used for generator fuel by-product coke at the rate of close to 32 pounds per thousand feet of water gas produced, leaving 558,400 tons of coke to be disposed of in some other way. For water gas boiler fuel there could be used 54,000 tons

35002

of breeze, leaving for sale or disposal in other parts of the system, 539,319 tons of coke and 19,901 tons of breeze.

Coke & Breeze used	226,499	tons
Coke for sale	485,319	"
Breeze for sale	19,091	"
Total coke disposal per annum	730,909	"

Ammonia for Sale. On the basis of 6 pounds of NH3 equivalent, per ton of coal carbonized, there would be available for sale:

35003 Ammonia per annum 3,273 tons.

Tar for Sale. There would be produced not less than 12 gallons of tar per ton of coal carbonized, making available for sale:

Tar per annum 13,090,908 gallons.

Gas Made. On the basis of 11,000 cubic feet of gas produced per ton of coal, and with the recognized use of 4,960 feet of lean gas for heating the ovens and for other fuel uses, this being approximately 9/20 of the gas made per ton of coal, there would be available for sale 22 million cubic feet per day of 16 candle power gas. The amount of lean gas to be disposed of per day, as above noted, would amount to 18 million feet of fuel gas.

35004

Illuminating Gas per annum	6,600,000,000	cubic feet
Fuel Gas (for plant use) per annum	5,400,000,000	" "
Total	12,000,000,000	" "

Number of Ovens. This type of plant is generally built with 50 ovens in a battery, the coal chambers measuring close to 9 feet high by 17 inches wide. The carbonizing period can be as low as 16 hours using 21,000 pounds of coal per oven charge. I have no

35005

predicated my calculation on such intensified operation, but have used the safer period of 18 hours during which the coal in each oven would be subjected to a heat of nearly 2,000° F. This plan of operation means that each oven would carbonize the coal economically, getting the best yield of gas and securing a suitable metallurgical coke, while using 14 tons of coal per day, making the capacity of a 50 oven battery about 700 tons of coal per day, each ton producing 11,000 feet of gas. In other words the output of each battery of 50 ovens would be 7,700,000 cubic feet of gas per day, and of this amount this 11/20 would be illuminating or so-called City Gas (not yet enriched). This would give a daily make of 4,235,000 cubic feet of City Gas to each 50 ovens, which is equal to 84,700 feet per oven per day. Taking the fair yearly make at 82.2 per cent of this rated capacity the average per day per oven would be 69,623.4 cubic feet throughout the year. With the requirement of 6,600,000,000 feet heretofore noted, it is calculated that we would have to provide (69,623.4 cubic feet × 365 days = 25,412,541 feet into the 6.6 million) 260 ovens, which could conveniently be placed in 4 batteries of 65 ovens each.

35006

Ground Required. For taking care of coal and coke storage, and to provide room for buildings, structures and equipment, there would be needed:

35007

Ground area 28 acres.

Light Oils. On account of the high candle power requirement it would be possible to strip only the lean gas. I have not shown any light oil income in the calculations of production expense hereinafter set up in this exhibit; but would point out that if a stripping plant of this kind was used enough crude benzol could be secured to enrich the illuminating gas.

BY-PRODUCT COKE PLANT PRODUCTION COST

Rated capacity of plant 12 billion feet of gas per annum, consisting of 6,600,000,000 feet of 16 candle power gas, enriched to 23 1/2 C. P. and 5,400,000,000 feet of fuel gas for use in the plant.

Item	Description of Item	Unit	Total Units	U. Cost	Cost $	$ per M. cu. ft.
1	Supervision	year	1	Force	19,800	.003000
2	Night & Day gen'l foremen	year	2	3,000	6,000	.000909
3	Locomotive Operators	day	730	5	3,650	.000553
4	Mechanics on coal conveyors	day	730	5	3,650	.000553
5	Helpers on conveyors	day	730	4	2,920	.000442
6	Laborers on coal storage	day	1,460	4	5,840	.000884
7	Weighing machine men	day	730	4	2,920	.000442
8	Coal chargers	day	2,190	5	10,950	.001659
9	Oven laborers	day	4,380	4	17,520	.002654
10	Pusher machine operators	day	2,190		10,950	.001659
11	Casual helpers	day	2,190	5	10,950	.001659
12	Machine helpers	day	2,190	4	8,760	.001327
13	Coke quenching men	day	2,190	5	10,950	.001659
14	Gas main cleaners	day	2,190	4	8,760	.001327
15	Heat regulators	day	2,190	5	10,950	.001659
16	Coke haulage men	day	2,190	5	10,950	.001659
17	Coke elevator men	day	1,095	5	5,475	.000829
18	Helpers on coke conveyors	day	2,190	4	8,760	.001327
19	Mason for fine cleaning	day	730	8	5,840	.000884
20	Cadet engineers	year	2	2,000	8,000	.001212
21	Maintenance labor	M. ft.	6.6 billion	.012	79,200	.012000
22	Labor for steam	day	2,190	4.5	9,855	.001493
23	Purification labor	day	2,190	4	8,760	.001327
24	Policemen	day	1,095	4.50	4,927	.000746
25	Total oven labor, excluding labor on by-products and residuals	plant	additions	above	270,337	.041869
26	Bituminous coal (unloaded)	tons	1,000,000	5.28	5,760,000	.872727
27	Water for all purposes	M. ft.	6.6 billion	.009	59,400	.009000

35011

BY-PRODUCTS COKE PLANT PRODUCTION COST

Item	Description of Item	Unit	Total Units	U. Cost	Cost $	$ per M. cu. ft.	
28	Purification materials	M. ft.	6.6 billion	.004	26,400	.0040000	
29	Boiler fuel	tons	15,000	4.00	60,000	.0090909	
30	Miscellaneous supplies	M. ft.	6.6 billion	.009	59,400	.0090000	
31	Power and light	M. ft.	6.6 "	.005	33,000	.0050000	
32	Maintenance materials	M. ft.	6.6 "	.018	118,800	.0180000	
33	Total production materials				6,117,000	.9268182	
	Credit for By-Products & Residuals						35012
34	Coke (less handling cost)	ton	730,909		1,034,994		
	(7-1) used for water gas	ton	172,499	6.0			
	(9-2) for sale	ton	485,319	7.0	3,397,233		
35	(4.00-.25) Breeze used, water gas	ton	54,000	3.75	202,500		
	(4.00-1.00) Breeze for sale or use	ton	19,091	3.0	57,273		
36	Tar (less handling charges)	gals.	13,090,908	.04	523,636		
37	Ammonia (less handling)	lbs.	6,546,000	.04	261,840		
38	Cyanogen (not included)						
39	Total Credits				5,477,476	.8299296	
40	Net Cost of Materials				639,524	.0968976	35013
41	Net Cost of Unenriched Gas				915,861	.1387368	
42	Labor handling gas	day	6,570	5	32,850	.0049773	
43	Net Cost of Gas in Holder				948,711	.1437441	
44	Cost of enriching gas	M. ft.	6.6 billion	.0553	364,980	.0553000	
45	Net holder cost, standard gas, not allowing for leakage or other gas not accounted for beyond the holder				1,313,691	.1990441	

35014

SUPPLEMENTAL DATA ON COKE PLANT PRODUCTION COST.

ITEM:

1. *Supervision.* One man at $6,000.00 would have complete local charge of the by-product plant, up to the outlet of the gas holder. The cost of the clerical forces for registering and recording the results has been figured at $3,000 for chief clerk and 6 clerks at $1,800 each. This cost would be $19,800 and is included in this estimate. Said cost is apart from the
35015 making of the log sheets which are kept by the operators and later recorded by the above named clerks. The cost of keeping the various ledger accounts and for tabulating the statistical data would appear in "General Office Expense."

2. *Night and Day Gen'l. Foremen.* I have allowed for two good foremen, one for each day and night shift. They would exercise the functions of mechanical engineers, reporting directly to the superintendent so as to keep him fully informed about the details of the operation. They would have to examine the log sheets kept by the chief operators in each gang of men, and bring the high spots of the operations to the
35016 attention of their superintendent.

3. *Locomotive Operators.* In the price of the coal in stock, it will be noted I have included the expense for getting this material to the pile or to the conveyors that take coal directly to the coal bunkers. The gas expense herein set up does not assume that all coal must first go to the pile. The two locomotive operators would be for the purpose of getting coal from pile when needed, and I have allowed for one man on each of two 8 hour shifts, on the understanding that the reclaiming would all be done in 16 hours out of the 24, the overhead coal bunkers always be-

35017

ing left full when the second shift shuts down for the day. These men would not have to operate during the full 16 hours, but would be expected to devote their non-operating time to the inspection and minor repair of the engines under their control.

4. *Mechanics on Coal Conveyors.* The conveyors are to take the coal as it is delivered from boats or when it is reclaimed, and put it in the storage bunkers over the ovens. I have allowed for two men, who would each work 8 hours. The conveyors would not be in operation 24 hours a day, but only through some part of 16 hours.

5. *Helpers on Conveyors.* To distribute coal from 35018
the conveyors, and to oil this machinery, two men would be required, one on each 8 hour shift.

6. *Laborers on Coal Storage.* I have allowed for two men on two 8 hour shifts.

7. *Weighing Machine Men.* Two men allowed, one on each of two 8 hour shifts, being for the purpose of noting the stamped tickets and recording weights of coal taken to the ovens from pile or boat, all the work being done on platform scales.

8 *Coal Chargers.* These men, 2 in number to a shift, and 3 shifts of 8 hours, making 6 men all told, would operate the charging wagons, receiving coal from the overhead bunkers and taking it by machine 35019
to the coal spouts leading to the oven chambers.

9. *Oven Laborers.* These men would be 4 to a shift, 3 shifts of 8 hours, or 12 men all told, and they would have to open and close the coal spout covers, sweep up, and do all sundry work on top of ovens that is not taken care of specifically elsewhere in this cost account.

10. *Pusher Machine Operators.* For discharging the ovens I allow 2 on a shift, 3 shifts of 8 hours, 6 men in all to operate the pushers that discharge the

35020 coke, and to level the coal in the freshly charged ovens.

11. *Casual Helpers.* I allow 2 men on each 8 hour shift, 6 men all told; for assisting in discharging the ovens, and for the preparation of the fresh charge.

12. *Machine Helpers.* Working in conjunction with the machines for charging and discharging the ovens, I have provided for 6 men, 2 to each 8 hour shift.

13. *Coke Quenchers.* The 6 men here allowed, 2 on each 8 hour shift, would attend to the quenching of the coke as it falls from the oven, down the slope,
35021 into the coke car.

14. *Gas Main Cleaners.* These men would be 6 in number, 2 on each 8 hour shift, and would be directed to keep the mains clean and in the best condition of pressure to permit the maximum amount of rich gas and lean gas to be made.

15. *Heat Regulators.* It is necessary to have 2 men on each 8 hour shift for the purpose of watching the automatic switching valves which control the regenerator action of the flues in the ovens. They would also attend to the gas and air valves so as to maintain equal heats.

16. *Coke Haulage Men.* 6 men are provided alto-
35022 gether, 2 on each of three 8 hour shifts, to operate the quenched coke cars and haul the coke from the slope, to the pit feeding the elevators.

17. *Coke Elevator Men.* One man to each of three shifts takes care of the coke coming from the pit, and looks after the mechanical operation of the plant that puts the coke into the bins or stock pile.

18. *Helpers on Coke Conveyors.* Each of the 3 mechanics has two helpers for attending to the distribution of the coke into stock.

19. *Mason for Flue Cleaning.* Two high grade fire brick men, each on 8 hour shift, keep close watch on

35023

the ovens, seeing that flues are kept clean and making minor repairs to the ovens, such as patching and supervising the scurfing.

20. *Cadet Engineers.* These apprentices, two in number, would be expected to make simple analyses, take note of operation in general, and become what are usually called "results man," acting really as technical assistants to the superintendent.

21. *Maintenance Labor.* I have not attempted to segregate this, as it is such a variable item, but in general it provides for 18,300 days time at an average of close to $4.33 per day, one-third of the labor being equal to $5.00 a day and the balance equivalent to $4.00 a day.

35024

22. *Labor for Steam.* In this I have allowed for 2 men on each 8 hour shift, to attend to boiler plant.

23. *Purification Labor.* This is intermittent in character, and takes care only of the dry purification labor. It provides on an average for 6 men, all working 8 hours per day, loading and unloading boxes and turning up spent oxide.

24. *Policemen.* It seems to be the general practice to have some kind of a "house detective" on coke oven plants, so I have allowed for three such men.

GENERAL NOTES:

35025

a The electrical plant has been eliminated, current being bought, but if the operators believe they can furnish current cheaper from their own plant they could readily do so, but it would not materially effect the results in my table.

b The labor for loading coke to boats for transfer and sale has been taken care of in Item 34, as it is really a residual expense. This remark also applies to the pumping of tar, and the treatment of ammonia in gas and liquor (Items 36-37) while in Item 42 will be found, the expense for the men who attend to the wet purification system and the exhausters and meters, directing the gas through the apparatus.

35026

c I have ignored cyanogen production, as I am not familiar with the operations. It may or may not be a remunerative process, and as I cannot say with certainty I will not personally pass upon the possibility of credit being derivable from the production of this by-product.

d In Item 26 I have covered the labor cost of operating the unloading devices used for getting coal from boats onto the conveyor system or coal pile, although in this connection some of the coal pile men allowed in my estimate could serve the dual purpose of assisting either in the unloading operations or in the
35027 reclaiming process, just as the circumstances called for at the time.

26. *Bituminous Coal (unloaded).* This has been figured at $5.28 per net ton, including the handling expense, based upon the 1918 cost and expense shown by the company's records at Astoria.

27. *Water for All Purposes.* This is an estimate based upon experience.

28. *Purification Materials.* This is a fair average expense for material required in a coal gas operation where the coal would contain not more than 1.25% of sulphur, and the crude rich gas would have about 400 grains of hydrogen sulphide per 100 cubic feet.

35028 29. *Boiler Fuel.* This is based upon 5 pounds of coal per M feet of gas, and is ample for coal gas production, based upon experience. The cost of $4.00 per ton is the same as the price used as a credit in the residual account, although it can be noticed there has been allowed .25 per ton for getting the breeze to the boilers.

30. *Miscellaneous Supplies.* This is a figure based upon experience.

31. *Power and Light.* On account of the exposed position of the plant I have assumed only a limited amount of gas lighting, and have based all my cost

35029

upon purchased electricity. To the extent that gas could be used it would be cheaper than electricity, so my figures are on the safe side and do not call for any sum to be provided to pay for gas used around the plant.

32. *Maintenance Materials.* It is practically impossible to segregate this into the different classes of material required, but in general it may be said that the bulk of the repairs would be on the coke handling system, with a considerable part of the balance needed for refractory material. The total figure is based upon experience.

34. *Coke.* I am confident that all coke made on 35030
these ovens would bring $9.00 a ton delivered to the user in the domestic trade, or to the cars for industrial use. To load and sell the coke and provide a profit, two dollars a ton would be ample, this meaning the expenditure of about 25 cents a ton for loading, $1.20 for delivery, 15¢ a ton for advertising, 30 cents a ton for new business and commercial expense and 10¢ for margin. The profit in a plant of this kind should be derived from the sale of gas, and the price of coke should be arranged to get the fullest credit to coal gas cost without disturbing the market for fuel.

35. *Breeze Used, Water Gas.* The price is nominal. 35031
If anthracite coal for boiler fuel has to be bought for $5.00, or more per ton, coke breeze is certainly worth $4.00 a ton. To handle it from pile I have allowed 25¢ a ton, which is surely ample. Where breeze may have to be delivered outside the plant I have allowed $1.00 a ton for handling.

36. *Tar.* I have figured 12 gallons per ton of coal, at a selling price of .044 and for handling it the expense allowed is 4 tenths of a cent per gallon or, in other words, about $52,364.00 per annum.

35032

37. *Ammonia.* The selling price is equal to .0485 per pound, and I assumed 6 lbs. per ton of coal carbonized; the cost of handling is taken at 85 hundredths of a cent per pound, equal to an allowance of $55,641.00 per annum, which is ample on a plant where the direct recovery system is used.

44. *Cost of Enriching Gas.* This is based on 6 candles per gallon of oil the use of oil being 1.25 gallons for 7 1/2 candles. If preferred, the gas can be enriched with a steam coil vaporizer using benzol, in which case the cost would be 5¢ per thousand feet if we ignore the gas made by 1/3 gallon of benzol.

35033 This is based on 25 candles enrichment per gallon of benzol, the crude light oil from the lean gas being figured as worth 15¢ per gallon.

Mr. Vilas: May the record show that I delivered to each of the defendants' counsel the statement entitled, "Consolidated Gas Company, Cost of Production and Distribution, Year Ended December 31, 1919," and a statement entitled, "Revenues and Expenses of the Gas Business of the Consolidated Gas Company for the Year

35034 Ended December 31, 1919," and that it is the complainant's purpose at a later day to offer the originals of these tables.

The Master: As part of your rebuttal?

Mr. Vilas: Yes.

The Master: It may not be strictly rebuttal. You have proved your operations down to October 31, 1919.

Mr. Vilas: Yes.

The Master: What you propose to do in part of your rebuttal is to extend it to November and December, those two months?

Mr. Vilas: The idea is that the Court should be advised of the very latest development and statistics that we can present in a case of this kind.

The Master: There is no sense in passing on it now. It is not offered.

Mr. O'Brien: I reserve my objections until such time as the papers are offered.

The Master: There is nothing offered at this time.

Mr. Vilas: For Mr. Chambers I hand a copy to Dr. Maltbie. 35036

The Master: You better be sure to tell Mr. Chambers that you got that, Mr. Maltbie.

Mr. Vilas: I put upon the record that in Mr. Chambers' absence I handed it to Dr. Maltbie.

ANDREW SANGSTER, recalled by the defendants, testified as follows:

DIRECT-EXAMINATION BY MR. O'BRIEN:

Q. Mr. Sangster, what is your business?

A. I am a public accountant. 35037

Q. Where do you reside?

A. Glencoe, Illinois.

Q. Have you for purpose of brevity and condensation prepared a statement of your career and your connection with accountancy?

A. I have.

Q. And you have in this statement set forth the educational preliminaries and the accountancy experiences that you have had up to the present time?

A. Yes, sir.

35038 Andrew Sangster, Direct.

Q. And if I take the time of the court to ask you various questions as to where you went to school and what business you took up, how far you went in the study of accountancy and with what accountancy firms you were connected, and what proceedings of a rate making character or what investigations you had taken part in as an accountant, you would answer substantially as is set forth in this statement?

A. I would.

Q. And this statement is a correct statement in every particular as to the facts therein narrated?

35039 A. It is, yes, sir.

Mr. O'Brien: I will save the time of the Court and offer this statement as the testimony of the witness upon his own qualifications.

The Master: It will be received and spread upon the record as if the witness testified to the facts therein contained.

(The statement is as follows):

QUALIFICATIONS OF ANDREW SANGSTER, PUBLIC ACCOUNTANT.

35040

NEW YORK AND CHICAGO.

Education:

At public schools of Edinburgh, Scotland.

University of Edinburgh, Scots Law and Conveyancing: 1903 and 1904.

Training:

Bookkeeper and time clerk—for piece work, with Mackenzie Bros., Architectural Ironfounders, Edinburgh, 1894-1897.

Junior accountant in the office of Lindsay, Jamieson & Haldane, chartered accountants, Edinburgh, 1897-1900.

Junior accountant in the office of Chiene & Tait, chartered accountants, Edinburgh, 1900-1901.

The above constituted five years, preliminary practical training necessary to qualify for the examinations of the Edinburgh Society of chartered accountants in Scotland.

Obtained certificate entitling me to membership in the Edinburgh Society of Scottish Chartered Accountants; elected a member of said society in 1906.

Early Experience:

Audits and investigations of commercial, investment, utility and industrial companies, both private and public, partnerships, trust estates (1901-1910), among which were the following: 35042

"Glasgow Herald," Glasgow.

Falkirk and District Tramways Company, Falkirk.

Edinburgh and District Tramways Company, Edinburgh.

Leven and District Tramways Company, Leven.

Edinburgh Investment Trust Company, Edinburgh.

Realization and Debenture Corporation of Scotland, Edinburgh.

Bleacher's Association of Dunfermline, Scotland, and Belfast, Ireland.

Later Experience:

My experience since coming to the United States has been as follows: 35043

Senior accountant on the Chicago staff of Marwick, Mitchell & Company, later Marwick, Mitchell, Peat & Company, investigating among many other companies, the following utilities:

Des Moines Gas Company, in 1911, for the City of Des Moines.

Chicago Telephone Company, in 1911-1912, for the City of Chicago.

Omaha Gas Company, in 1912, for the City of Omaha.

St. Paul Gas Company, in 1913, for the City of St Paul.

Central Union Telephone Company, in 1913, for William A. Reed & Company, Chicago.

Cumberland Telephone & Telegraph Company, Memphis Exchange, in 1913, for the company.

Des Moines Water Company, in 1912, for the City of Des Moines.

I left the employ of the above accounting firm in 1914 to practice as a public accountant, specializing on public utility work, in the first instance under my own
35045 name, 1914 to 1916, later under the firm name of Sangster & Matthews, 1917-1919, and now under the firm name of Sangster, Matthews and Botz, with offices in New York and Chicago.

I have examined and reported on the accounts of the following utilities in connection with rate cases, valuations, etc., as indicated:

Capital Traction Company valuation—for the Public Utilities Commission of the District of Columbia, 1914-1916.

Washington Railway and Electric Company, and subsidiaries—same as above.

Potomac Electric Power Company—same as above.

35046 Washington Gas Company—same as above, and rate case in 1918.

Georgetown Gas Company—same as above, and rate case in 1918.

Detroit United Railways for the Street Railway Commission of the City of Detroit, Michigan, 1914.

Lake Forest Water Company, for the City of Lake Forest, Illinois, rate case before the Illinois Public Utilities Commission, 1914.

New York Telephone Company for a joint legislative committee of New York State, appointed to investigate rates and service in the City of New York 1915-1916.

Dallas Street Railways, electric light, and gas utilities, for the City of Dallas, Texas, 1915-1916.

People's Gas Light and Coke Company, for the City of Chicago, Illinois, for the purpose of furnishing detailed information regarding the expenditures on the properties and the expenses of operations for the period from 1897 to 1916, inclusive, and 1916 to 1919, inclusive.

Southern Bell Telephone Company, Birmingham and Bessemer Exchanges, for the City of Birmingham, Alabama, rate case before the Alabama Public Service Commission, 1917.

35048

Seattle Gas Light Company, for the City of Seattle, Washington, rate case before the Washington Public Service Commission, 1917-1918.

In addition to the above, I have consulted with one or other of the members of the firm in many other cases, where the firm was retained to make an accounting investigation. Several of these were conducted by the firm representing State Public Service Commissions.

Member of the Edinburgh Society of Chartered Accountants of Scotland, 1906.

Certified by the Wisconsin State Board of Accountancy, 1914.

Director of the Illinois Society of Certified Public Accountants, 1919.

35049

Q. Mr. Sangster, have you for some time been engaged in an investigation into the books and records of the Astoria Light, Heat & Power Company and the books and records of the Consolidated Gas Company as bearing upon the books of the Astoria Light, Heat & Power Company?

A. Yes, since about the middle of October.

Q. And you have undertaken to get certain information as recorded in those books?

A. Yes, sir.

Q. And have you prepared a statement taken from these records of certain facts as here set forth?

A. I have embodied the results of that examination in a report dated January 26, 1920.

Q. And in this report you have taken the figures on the books of the Astoria Light, Heat & Power Company as you found them?

A. I have based my report upon those figures.

35051 Q. What do you understand by an audit?

A. You mean have I made an audit of these accounts?

Q. What is the general acceptation of the term "audit" in the field of accountancy?

A. An audit would comprise an examination such as would go to the ultimate original data upon which the book entries had been placed upon the books and in the records.

Q. You have not in the statement that you have prepared, or the report that you have just completed, undertaken to make an audit of the books and records of the Astoria Light, Heat & Power Company, have

35052 you?

A. Oh, no.

Q. You have not undertaken to go into the ultimate data to which you have referred, for the purposes of making an audit?

A. No, I have not.

Q. And where in this paper you have referred, for instance, to coal and oil used, have you made any audit of the figures so far as coal and oil used are concerned?

A. I have accepted the manufacturing reports as given to me by the company, these reports represent-

ing the monthly figures prepared at the three plants at Astoria.

Q. And you have not undertaken to check up from the original data or the ultimate data, as you put it, this quantity of coal and oil used?

A. No.

Q. Likewise as to other expenditures of the company you have made no attempt to build up from the ultimate data, check up from the original data, the reliability of the figures that you found in the books of account of the Astoria Light, Heat & Power Co.?

A. I have not in regard to any of the materials 35054
reported used by the company.

Q. On page 28, Mr. Sangster, you have a paragraph entitled, "Gas oil."

A. Yes, sir.

Q. And there you proceed to say that under the contract made by the Consolidated Gas Company with the Standard Oil Company of New Jersey, oil is delivered in tank boats, etc., and the paragraph proceeds to describe features of that contract. Does the whole paragraph simply refer to the contract?

A. Yes.

Mr. Vilas: The paragraph speaks for itself, doesn't it?

35055

The Master: That is all right, Mr. O'Brien wants to make something clear. I think it is proper.

Q. When you proceed to the second and third sentences of that paragraph is it your intention to make a statement as to the carrying out of the contract, or is that part of the first sentence and descriptive merely of the terms of the contract?

A. It is a continuation of the description of what the contract states.

Q. You do not undertake in this report to say whether or not the contract made by the complainant company with the Standard Oil Company of New Jersey was complied with in any particulars?

A. I do not attempt to say whether it was, either that it was or that it was not.

Q. When you speak about an examination by an authorized New York Produce Exchange inspector, you do not pretend to say whether or not there was such an inspector or whether he was authorized, whether he did carry out the work that the terms of
35057 the contract may have provided for?

A. I did not make an examination of the company's books for the purpose of being able to say.

Q. Mr. Sangster, if each page of this paper was taken up in detail and you were asked the sources of the information therein set forth, the original sources of the figures that are tabulated, and so on, your statement would be that they came from the books of the company?

A. Books and other records.

Q. And you are prepared now to state as to every figure in this report where it was received and from what paper you derived, and where there were computations, how the computations were made?
35058

A. I am.

Q. And the computations if any herein made are correct?

A. I believe they are.

Q. And the figures have been taken as from the books and records of the company and of the Consolidated Gas Company where you do refer to them?

A. There is no reference to the Consolidated Gas Company's records.

Mr. O'Brien: I offer this in evidence, your Honor.

The Master: Just another phase of it. There are some statements made by you in this statement that are not necessarily figures. If you were asked questions bringing out answers, would your answers be the same as contained in your prepared statement?

The Witness: I do not quite understand.

The Master: For instance on page 12, which I have opened at random, you say, "Superintendence differs in cost as between the two plants, but this particular item will vary according to the total output at each plant." If Mr. O'Brien asked you a question calling for an answer of that character, that would be your answer?

The Witness: Yes, sir.

The Master: For instance, if Mr. O'Brien asked you, what is the most important item in the cost of coal gas, you would say, "Coal carbonized"?

The Witness: I would.

The Master: In the form that you have stated it on page 12, "Coal carbonized—this is by far the most important item in the cost of coal gas." In other words, what I want to bring out is that if Mr. O'Brien asked you specific questions, your answers would be precisely the same as the statements you have made in this prepared statement?

The Witness: Yes, sir.

The Master: The statements you have made in this prepared statement are your statements made under oath?

The Witness: Yes, sir.

The Master: And so when I spread this on the record it is the same as if you swore to each item in it?

The Witness: Yes, sir.

The Master: Subject to the penalties for swearing falsely as to any item?

The Witness: Yes, sir.

The Master: Just copy that into the record as the testimony of the witness.

Mr. Vilas: This preserves to the complainant all rights to object to the testimony and all parts
35063 of it, as incompetent, irrelevant and immaterial, and on the ground that the operations of the Astoria Company had no place in this case, and all other grounds that may appear?

The Master: Yes. I take it upon the same theory and upon the same basis that I have taken other statements in this record, giving every opportunity to protect your rights by proper objections and exceptions.

Mr. Vilas: Of course the taking in of the testimony *en masse* necessarily gets it into the record in advance of any objections that may be made.

35064 The Master: Yes, it has its difficulties, and yet saves a tremendous amount of time. The testimony of the witness, based on what I see in this paper would probably take a week on direct alone, and rather than take a week on direct testimony I think it would be much better to take the chance of having some few items in that might not otherwise be in.

Mr. O'Brien: Before this is put into the record finally, I want to state this, so it will be clear. The defendants do not undertake in offering this

tabulation to take over the burden that has been placed by law upon the complainants in this case.

The Master: Of course not.

Mr. O'Brien: Of justifying every expenditure, and in that respect to justify the reasonableness, the business wisdom and judgment of their purchases of gas from the Astoria Company.

The Master: I understand the theory of it.

Mr. O'Brien: We do not pretend to verify, justify or audit the books of the complainant company. We rely upon our objection that the complainants have not come forward with any proof 35066
as to the wisdom of paying the moneys over that they do to the Astoria Light, Heat & Power Company every month for the gas received from them, and the analysis herein made is taking the figures as found on the general books without any concession that they are correct, and without any attempt to go into the underlying data, or the ultimate data as referred to by the witness, with a view to making an audit of the books of the company.

The Master: Now, that will be all for Mr. Sangster, today, will it?

Mr. O'Brien: That will be all. 35067

The Master: This cross-examination will be suspended until counsel for the complainant have opportunity to read over the statement and prepare for cross-examination.

Be back here on the morning of the 11th of February, Mr. Sangster, for cross-examination, and have all your working papers with you.

The Witness: I will have everything here.

The Master: So, when counsel for the complainant proceeds to cross-examination we will have the Astoria books here, and they will check up any item that they take issue with you on.

Statement above referred to as follows:

35068

CONSOLIDATED GAS COMPANY OF NEW YORK

vs.

NEWTON, Etc., *et al.*

Before ABRAHAM S. GILBERT, Special Master.

Report on

ASTORIA LIGHT, HEAT AND POWER COMPANY.

Dated, January 26, 1920.

35069

Sangster, Matthews & Botz,
Chartered Accountants
101 Park Avenue
New York.

Sangster, Matthews & Botz,
Chartered Accountants.
Offices
101 Park Avenue, New York.
139 North Clark Street, Chicago.

New York, January 26, 1920.

35070 CONSOLIDATED GAS COMPANY OF NEW YORK vs. NEWTON, Etc., *et al.*

Before ABRAHAM S. GILBERT, Special Master.

7.1

Report of Andrew Sangster, Accountant, New York.

In Complainant's Exhibits Number 205 and Number 255, showing the revenues and expenses of the gas business of the Consolidated Gas Company for the year ended December 31, 1918, and for eight months ended August 31, 1919, respectively, as prepared by the witness Teele, there is included in the

35071

cost of production as set up by the witness, the amounts paid to the Astoria Light, Heat and Power Company, and to other affiliated companies for "Gas Transferred."

In the later Exhibit Number 364 the amount paid to the Astoria Light, Heat and Power Company, for the year 1918 is stated to be $6,001,023.70, and in Exhibit Number 365 the amount so paid for the eight months of 1919 is reported as $5,011,459.25. The two last mentioned exhibits further state that these amounts were respectively paid for 9,645,584.4 thousand cubic feet of gas purchased in 1918 and 7,118,510.5 thousand cubic feet purchased during the eight months ended August 31, 1919.

35072

The testimony, as I have read it, shows that the price paid to the Astoria Company represents a proportionate part (based upon the cubic feet of gas delivered to the complainant company) of the operating expenses of the Astoria Company including rentals, provision for renewals and replacements, and taxes, to which is added interest on the investment according to the books of the Astoria Light, Heat and Power Company at seven per cent per annum.

No particulars were furnished for the record, as far as I have discovered by the complainant as to the various costs entering into the expenses of operation, and as I understand that such information is desired by the Master in this case and would be of assistance to him in a consideration of the elements of cost, I have prepared and submit herewith a series of statements dealing exclusively with the results of the operations of the Astoria Light, Heat and Power Company for the period above referred to, and giving in review the general results for the twelve years from 1907 to 1918, inclusive, as taken from the records of the company.

P.2

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I. Results of Operations, Year 1918 and Eight Months Ended August 31, 1919.

Statement Number One, which has been prepared from the books of the Astoria Light, Heat and Power Company shows the operating revenue, expenses and net operating income, which may be summarized here for convenience in the following manner:

	Amount		Per. M cu. ft. of Sales	
	Year 1918	Eight Months 1919	Year 1918	Eight Months 1919
35075 Operating Revenue:				
Sales to Consolidated Gas Company	$6,001,023.70	5,011,459.25	.62215	.70400
Sales to U. S. Government and others	64,868.16	915.52	.80000	.80000
Total Sales of Gas	6,065,891.86	5,012,374.77	.62364	.70402
Rents and Miscellaneous Revenue	49,419.97	33,300.76	.00508	.00468
Total Operating Revenue	6,115,311.83	5,045,675.53	.62872	.70870

35076 (To be carried forward)

35077

	Amount		Per M cu. ft. of Sales	
	Year 1918	Eight Months 1919	Year 1918	Eight Months 1919
Brought forward				
Total Operating Revenue	6,115,311.83	5,045,675.53	.62872	.70870
Operating Expenses:				
Cost of Production	3,745,971.13	3,307,570.92	.38513	.46457
General Expenses	159,835.46	81,872.59	.01643	.01150
Taxes	596,084.05	436,434.85	.06128	.06130
Renewals and Replacements	48,633.35	35,598.28	.00500	.00500
Use of Distributing System	506,561.65	318,086.79	.05208	.04468
	5,057,085.64	4,179,563.43	.51992	.58705
Less: Inventory Adjustments, etc	196,678.07	89,630.77	.02022	.01259
Total Operating Expenses	4,860,407.57	4,089,932.66	.49970	.57446
Net Operating Income	$1,254,904.26	955,742.87	.12902	.13424

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35079

The Consolidated Gas Company pays for the gas delivered to it on the basis of its proportionate part of the total operating expenses together with interest at the rate of seven per cent per annum on the book investment. Thus the sales to that company may be analyzed into two elements as follows:

	Amount		Per M cu.ft. of Sales	
	Year 1918	Eight Months 1919	Year 1918	Eight Months 1919
Proportion of Operating Expense	$4,811,664.53	4,094,774.70	.49884	.57523
Return on Investment	1,189,359.17	916,684.55	.12331	.12877
Total	$6,001,023.70	5,011,459.2	.62215	.70400

35080

This analysis of the amount received from the Consolidated Gas Company is not shown on the books of the Astoria Company, but has been furnished to me by the Gas Company. On the basis of sales, the total operating expenses at Astoria according to the books for the year 1918 is $0.49970, and for the eight months ended August 31, 1919, $0.57446 per thousand cubic feet.

It will be noticed that these costs differ slightly from the corresponding figures in the foregoing analysis. These differences are doubtless due to the computations for the amount due from the Consolidated Gas
35081 Company in respect to the proportion included therein for labor, material, and other operating expenses having been based on the cubic feet of gas manufactured as stated in the testimony. In this way the Consolidated Gas Company may pay more or less than its proportionate share of the total operating costs in any one year, according as the rate on the basis of gas manufactured is greater or less than the rate on the basis of sales, but such differences, which are relatively small, will offset one year with another over a term of years.

It is more important to note that, in ascertaining the total cost of gas as a basis for the computation,
35082 no account is taken of the miscellaneous revenue received by the Astoria Company in the course of its operations. That this is the case will be clear enough from an analysis of the total "Net Operating Income," as it is called in this report, into the various sources from which it is obtained. This net income comprises the profit on the gas sold to the Consolidated Company—practically the "Return on Investment" referred to above—the profit on sales to the U. S. Government and to other consumers, and the miscellaneous revenue in question:

35083

	Amount		Per M cu. ft. of Sales	
	Year 1918	Eight Months 1919	Year 1918	Eight Months 1919
Return on Investment (Consolidated Gas Company)	$1,189,359.17	916,684.55	0.12331	0.12877
Difference between proportion of expenses payable by Consolidated Gas Company on basis of sales and amount collected	8,224.84*	5,499.45	0.00086*	0.00078
Total Consolidated Gas Company	1,181,134.33	922,184.00	0.12245	0.12955
Profit on sales to other Consumers	24,349.96	258.11	0.30030	0.22554
Rents and other Miscellaneous Revenue	49,419.97	33,300.76	0.00508	0.00468
Total and Average	$1,254,904.26	955,742.87	0.12902	0.13424

* Denotes deduction.

35084

Miscellaneous revenue consists of sums received from the United States Government for the use of plant facilities at Astoria in connection with the carbon and light oil recovery plants, also sums received from the Quartermaster's Division for rent of land at Astoria, and miscellaneous rents. It may be instructive to enumerate the items comprised in this revenue:

35085

U. S. Government Gas Defense Service:	Year 1918	Eight Months 1919
Use of this company's permanent equipment, 5 gas benches (subsequently 35), apparatus, land and buildings incidental thereto, under terms of Contract Number 1046 of October 1, 1917	$77,996.40	(8,792.90 [1]) (Dec. 1918)
Additional charge of $75 per day in connection with south half of Range 23 as per letter of W. C. Morris dated 6 18 18	10,350.00	
Forward	$88,346.40	8,792.90

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2.6

		Year 1918	Eight Months 1919
	Forward	888,346.40	8,792.90
	Use of land, buildings, and necessary general administration supervision and overhead services as per Article II of Contract G. D. 21889 dated 12/31/18 at the rate of $3,647.07 per month		18,235.35
35087	Cost of repairs applicable to benches in use by the Government during 1918 under a rental agreement which included the cost of repairs	41,251.00*	
	Chief Ordnance, U. S. A.:		
	Proportion of estimated loss in volume of gas produced due to extraction of light oils at Government L. O. R. Plant—August 7th to November 30, 1918	2,317.57	
35088	Use of storage tanks used in connection with operation of L. O. R. plant—October 11 to November 28, 1918, 47 days @ $1.7314 per day		81.38 (1)
	Rent of second floor of Ammonia pump house used by the Government as a laboratory—4 months ended Nov. 30, 1919		208.77
	U. S. Government Quartermaster Division: Rental of 34 acres of land at Astoria, per lease of March 1, 1919		5,270.36
	A. Goldstein—Rental of space at Astoria Works		712.00
	Total	849,412.97	33,300.76

(1) These items are applicable to 1918.

* Denotes deduction.

There appears to be no reason why this miscellaneous revenue should not be taken into account in fixing the price of gas to Consolidated Gas Company, and I have deducted the amount in question from the total cost of gas. A proper adjustment must take account of the fact that two items credited in 1919 are unmistakably revenues earned in the previous year. The total of these is $8,874.28 which added to 1918 and deducted from 1919 leaves the final figures as follows:

	Year 1918		Eight Months 1919	
	Amount	Per M cu. ft.	Amount	Per. M cu. ft
Miscellaneous Revenue	$58,287.25	.00599	24,426.48	.00343

COST OF GAS AT ASTORIA.

STATISTICS OF GAS MADE: According to the monthly gas production statistics the quantities of coal gas and water gas manufactured at the Astoria plants during the year 1918 and the first eight months of 1919, in thousand cubic feet were as follows:

1918	Plant A (1) M. cu. ft.	C. P. (4)	Plant B (2) M. cu. ft.	C. P.	Plants A & B M. cu. ft.	C. P.	Plant C (3) M cu. ft.	C. P.
January	249,374	14.35	151,866	14.26	401,240	14.32	755,602	25.21
February	177,307	14.03	111,402	14.11	288,709	14.06	680,528	22.25
March	137,407	13.39	116,866	13.39	254,273	13.40	642,709	25.20
April	130,891	13.03	107,796	12.76	238,687	12.91	549,153	22.82
May	112,208	13.98	80,664	14.00	192,872	13.99	515,607	24.43
June	110,931	14.24	79,105	13.71	190,036	14.02	437,346	22.08
July	118,336	14.89	79,123	14.03	197,459	14.55	373,386	22.19
August	102,291	14.64	73,279	13.89	175,480	14.33	408,728	18.47
September	108,979	11.50	73,314	10.72	182,293	11.19	532,217	14.33
October	170,876	9.65	75,021	10.27	245,897	9.85	572,675	14.48
November	203,555	9.59	96,595	10.64	300,150	9.93	574,599	18.45
December	273,061	15.36	127,920	14.30	400,981	15.02	618,814	24.77
Total	1,895,126	13.23	1,172,951	13.16	3,068,077	13.20	6,670,274	21.45

Continued:

Plant A (1)		Plant B (2)		Plants A & B		Plant C (3)		Total	
M. cu. ft.	C. P. (4)	M. cu. ft.	C. P.	M cu. ft.	C. P.	M cu. ft.	C. P.	M cu. ft.	C. P.
308,978	14.07	140,754	12.70	449,732	13.64	638,707	26.15	1,088,439	23.07
278,177	13.88	127,898	12.38	406,075	13.41	560,735	27.22	966,810	23.71
301,922	14.00	140,552	12.42	442,474	13.50	622,013	25.74	1,064,487	22.92
272,589	14.38	130,317	12.56	402,906	13.79	591,365	22.72	994,271	21.39
221,568	14.98	126,882	13.43	348,450	14.42	526,040	25.21	874,490	22.69
186,136	15.19	136,876	13.39	323,012	14.43	422,663	25.17	745,675	22.50
132,561	15.70	150,369	14.08	282,930	14.84	411,314	25.23	694,244	22.34
150,946	16.18	136,628	14.09	287,574	15.43	412,012	25.07	699,586	22.51
1,852,877	14.59	1,090,276	13.21	2,943,153	14.08	4,184,849	25.74	7,128,002	22.67

(1) Plant A is the inclined coal gas plant.

(2) Plant B is the horizontal coal gas plant.

(3) Plant C is the water gas plant.

(4) C. P. is from monthly manufacturing report.

These statistics are given net after deducting the estimated loss in the volume of the gas made owing to the operations of the light oil recovery plant of the United States Government. I am informed by the company that its estimate of the shrinkage in volume of gas manufactured is forty cubic feet per gallon of light oil recovered.

Part of the coal gas is sent to the Ravenswood plant of the New Amsterdam Gas Company, through the 60" and 48" mains of the East River Gas Company (which is merged with the former Company), for enrichment, while the balance of the gas leaving the works is sent to the Bronx through the Astoria Tunnel, also owned by the East River Company. The following table will show how all the gas is accounted for, the figures being obtained from the statistical reports previously mentioned:

35095

	Year 1918	Eight Months 1919
On hand at beginning of period M cu. ft.	6,797	10,284
Gas Made	9,738,351	7,128,002
	9,745,148	7,138,286
On hand at end of period	10,284	14,139
To be accounted for	9,734,864	7,124,147
Consolidated Gas Company (Ravenswood)	1,175,314	1,217,063
(Bronx)	8,470,221	5,901,447
Total Consolidated Gas Company	9,645,535	7,118,510
Carbon Plant	80,823	968
Consumers	262	177
Total Gas Sales	9,726,620	7,119,655
Used by Company	8,244	4,492
Total as above M cu. ft.	9,734,864	7,124,147

35096

The cost of enriching coal gas sent to Ravenswood is billed to the Astoria Company by the New Amsterdam Gas Company each month, and appears as a separate item of cost in the manufacturing account of Plant A and Plant B as will be shown later. No adjustment is made on the accounts of the Astoria Company as between coal gas costs and water gas costs for enrichment of the coal gas which goes to the Bronx, consequently the cost of this gas as shown by the records is somewhat below what it would be were the water gas plant not available with its relatively high candle power gas. In the same way, the costs as shown by the records are somewhat higher for the water gas made than they would be were it

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not for the necessity of mixing this gas with the coal gas in order to bring the latter up to the requirements of the candle power standard.

Eliminating the coal gas sent to Ravenswood for enrichment, the proportion of coal gas mixed with water gas at the Astoria plant is shown in the following table:

p. 10

	1918	Coal Gas Made M c.ft.	Coal Gas Sent to Ravenswood M c. ft.	Coal Gas Enriched at Astoria M c. ft.	Water Gas Made M c. ft.	Per Cent Coal Gas (1)	Per Cent Water Gas
35099	January	401,240	151,844	249,396	755,602	24.82	75.18
	February	288,709	111,380	177,329	689,528	20.46	79.54
	March	254,273	116,842	137,431	642,709	17.62	82.38
	April	238,687	107,773	130,914	549,153	19.25	80.75
	May	192,872	80,639	112,233	515,607	17.88	82.12
	June	190,036	79,081	110,955	437,346	20.24	79.76
	July	197,459	79,100	118,359	373,386	24.07	75.93
	August	175,480	73,259	102,221	408,728	20.01	79.99
	September	182,293	73,290	109,003	532,217	17.00	83.00
	October	245,897	74,990	170,907	572,675	22.98	77.02
	November	300,150	96,568	203,582	574,509	26.16	73.84
	December	400,981	130,548	270,433	618,814	30.41	69.59
35100	Total	3,068,077	1,175,314	1,892,763	6,670,274	22.10	77.90
	1919						
	January	449,732	195,780	253,952	638,707	28.45	71.55
	February	406,075	164,194	241,881	560,735	30.14	69.86
	March	442,474	143,905	298,569	622,013	32.43	67.57
	April	402,906	130,289	272,617	591,365	31.55	68.45
	May	348,450	126,856	221,594	526,040	29.64	70.36
	June	323,012	142,730	180,282	422,663	29.90	70.10
	July	282,930	141,388	141,542	411,314	25.60	74.40
	August	287,574	171,921	115,653	412,012	21.92	78.08
	Total	2,943,153	1,217,063	1,726,090	4,184,849	29.20	70.80

(1) Coal gas enriched at Astoria.

Of course, the percentages appearing in the last two columns must be read in connection with the c. p. averages for each month given in the table on pages 7 and 8, but a proper comparison can only be made by ascertaining the quantities sent to Ravenswood from each plant.

COST OF PRODUCTION.

P-11

35102

Production cost includes all expenses incurred in the manufacture of the gas, including actual repairs and maintenance charges, less the recoveries for residuals and for loss in volume of the gas due to the light oil operations of the United States Government. The operating expenses of the electric power house at Astoria are also included in this cost. So far as manufacturing cost is distributed completely among the three plants in the company's records, statements number 3 and number 6 of this exhibit reflects this distribution. "Repairs at Works" expense is partially distributed, but there are certain properties common to all three plants, or common to or utilized by both 35103
coal gas plants, and the records do not contain any distribution of repair items pertaining to these properties.

On the basis of gas sales, it was shown on page three that the cost of production amounted to $0.38513 per thousand cubic feet for the year 1918, and $0.46457 per thousand cubic feet for the first eight months of 1919. Statement number 2 shows that the corresponding cost on the basis of gas made amounted to $0.38466 for the year 1918 and $0.46402 for the first eight months of 1919. In submitting the costs last referred to I propose to offer some comment on the

35104

principal elements contained therein. As a general remark it should be stated that the unit costs are derived by dividing the total costs by the cubic feet of gas made after deducting from the latter the estimated loss in volume due to light oil operations. The difference between the unit costs computed in this way and the costs per thousand based upon the total quantity of gas made is, however, insignificant, and of course, does not affect the net result. It will be convenient to discuss the costs of the coal gas plants separately from the water gas plant, and they will be presented in that order.

35105

COAL GAS.

p. 12

LABOR: While there is fairly close agreement between the unit total costs at the two coal gas plants, in 1918, the comparison is not so close in 1919. The labor elements compare as follows:

		Year 1918			Eight Months 1919		
		Plant A	Plant B	Average	Plant A	Plant B	Average
35106	Superintendence	$0.00909	0.01361	0.01082	0.00599	0.00980	0.00740
	Retort House	0.05121	0.04757	0.04982	0.05386	0.05398	0.05391
	Boiler House	0.01003	0.01007	0.01004	0.00735	0.00777	0.00750
	Purification	0.00670	0.00601	0.00644	0.00644	0.00748	0.00683
	Total	$0.07703	0.07726	0.07712	0.07364	0.07903	0.07564

Superintendence differs in cost as between the two plants, but this particular item will vary according to the total output at each plant. Plant A has the greater output and consequently the cost per thousand feet made is below that of the other coal gas plant. This is merely an illustration how superintendence does not increase in proportion to the increase in output.

Retort house labor, the most important item in the group, shows the largest increase in 1919, compared with 1918, particularly at Plant B. On the other hand boiler house labor has decreased at both plants in the eight months of 1919. Taking all the departments together there is a slight decrease in the latter period.

COAL CARBONIZED: This is by far the most important item in the cost of coal gas. For the period under consideration the expense on the books of the company is as follows:

	Year 1918			Eight Months 1919		
	Plant A	Plant B	Average	Plant A	Plant B	Average
Bituminous Coal	$0.44940	0.44677	0.44840	0.53973	0.54134	0.54033
Cost of Handling	.01473	0.01465	0.01469	0.01832	0.01829	0.01831
Total	0.46413	0.46142	0.46309	0.55805	0.55963	0.55864

35110 During the above period the company purchased seven different kinds of bituminous coal. Some of the coal is invoiced at a price f. o. b. the mines, to which is added the freight and boating charges plus the war tax thereon. Or the invoice price may be f. o. b. New York coal ports with war tax on freight, and a separate invoice from the lighterage company shows the boating charges plus the war tax. Finally the invoice may give the price delivered at Astoria docks, or "alongside" as it is termed, with the war tax included or shown separately. These various price bases are illustrated in statement number 9, which is a
35111 schedule showing the range of prices paid by the company in different months throughout the period.

Some of the invoices for coal purchases could not be obtained, the report being that they had gone amissing owing to their having been frequently used for reference as to prices. I am therefore unable to make a complete summary of the coal purchased and used, but as most of the coal vouchers were examined and classified it is possible to give the average price paid for each kind of coal during the period:

35112

	Year 1918			First Eight Months 1919		
	Gross Tons	Amount	Average Price	Gross Tons	Amount	Average Price
Coal Purchases:						
Fairmont	105,786.35	$554,704.99	5.2436	52,843.00	$309,446.42	5.8560
Ocean	90,006.70	468,726.43	5.2077	71,488.00	391,982.55	5.4832
Ocean Westmoreland	78,177.60	464,181.54	5.9375	56,246.35	333,202.38	5.9240
Westmoreland	66,719.10	376,383.94	5.6413	42,448.10	251,118.79	5.9159
Farmington	28,351.00	134,667.25	4.7500	8,455.25	40,162.44	4.7500
Rosemont	4,489.00	20,154.33	4.4897			
West Virginia	259.00	1,230.25	4.7500			
Total Coal Purchases (Approximate)	373,788.75	$2,020,048.73	5.4043	231,480.70	$1,325,912.58	5.7280
Adjustment of *pro forma* price charged by Consolidated Gas Company for coal from bituminous coal pools established by the U. S. Fuel Administrator and conducted by Tidewater Coal Exchange, the actual cost of the coal not being determined at time of delivery. 37,065.25 tons $5,354,233 less $4.75.					22,396.05	0.6042
					$1,348,308.63	5.8247

As the stock of bituminous coal was considerably increased during this period, the Astoria Company did not use all of this coal in the manufacture of the coal gas. The increase was very heavy in 1918, according to the monthly gas production statistics, there being 57,750 tons at January 1 as compared with 139,100 tons at December 31. By August 31, 1919, the stock had decreased to 88,800 tons.

Taking into account the fluctuations in stock it is evident that the price in 1918 for coal used in manufacturing would be much less than the average price

35116

paid. In 1919, when the reserve stock was drawn upon, the price for coal used would be more nearly in agreement with the price paid. Statements number 4 and number 5 give the total tons used at each station with the average price at which the coal was charged to manufacturing, and the quantity per thousand cubic feet of gas made. These statistics are as follows:

		Year 1918			Eight Months 1919		
		Gross Tons	Average Price	Pounds Per M. Cu. Ft.	Gross Tons	Average Price	Pounds Per M. Cu. Ft.
35117	Plant A	175,694.81	$4.8475	207.667	174,977.55	$5.7177	211.536
	Plant B	109,772.19	4.7740	209.633	103,282.30	5.7146	212.196
	Total	285,467.00	$4.8192	208.419	278,259.85	$5.7150	211.780

Although the coke averages at Plant A are higher than those at Plant B, the inclined plant shows more economic results in the coal used per thousand cubic feet.

35118

Coke Residuals: As the coke recovered at the coal gas plants has a direct relation to the coal carbonized, I will submit at this point some information obtained from the records in respect to the manner in which it is accounted for.

The unit of quantity used in the monthly gas production statistics is the "load" which, when applied to a given weight of breeze is equivalent to 2,000 pounds, and when applied to coke means 1,500 pounds. For statistical and accounting purposes the company assumes that for a given number of tons of bituminous coal carbonized, there will be recovered the same number of loads of coke and breeze. The coke and breeze produced during this period at each plant on the foregoing basis are given in the following summary:

35119

		Year 1918		Eight Months 1919	
		Plant A	Plant B	Plant A	Plant B
Coke Account:					
On hand at beginning of year	Loads	3,280.22	1,018.03	7,990.80	2,265.71
Coke and Breeze produced		175,694.81	109,772.19	174,977.55	103,282.30
		178,975.03	110,790.22	182,968.35	105,548.01
On hand at end of year		7,990.80	2,265.71	7,222.21	6,574.86
Used and sold during year	Loads	170,984.23	108,524.51	175,746.14	98,973.15
Coal carbonized	Tons	175,694.81	109,772.19	174,977.55	103,282.30

35120

As the accounting for the coke and breeze at each plant is a little complicated owing to certain exchanges between the plants, it will be more convenient and will serve the same purpose to take two plants together. The total to be accounted for in the year 1918 is 279,508.74 loads and in the eight months of 1919 is 274,719.29 loads. The disposition of the total in each case is shown in the following table giving the loads, amount received or credited, and resultant average price:

35121

	Year 1918			Eight Months 1919		
Coke:	Loads	Amount	Average Price	Loads	Amount	Average Price
Used in Manufacturing	179,563.31	$ 763,186.56	4.25	137,985.26	$ 586,437.36	4.25
Used at Power Plant, etc.	2,474.00	10,514.50	4.25	375.00	1,593.75	4.25
Sold to Consolidated Gas Company	12,704.83	53,871.25	4.25	49,310.42	210,110.31	4.25
Sold to National Coke and Coal Company	15,658.44	58,432.06	3.73	25,428.17	103,215.72	4.06
Sold to other companies	7,575.75	33,960.81	4.48	35,391.50	150,413.90	4.25
Cash Sales	562.40	1,619.12	2.88	71.27	205.26	2.88
Carbon Plant	31,721.75	184,281.86	5.81	45.70	301.62	6.60
Total Coke	250,260.48	1,105,866.16	4.42	248,607.32	1,052,277.92	4.23

Forward

5122

P. 17

	Year 1918			Eight Months 1919		
	Loads	Amount	Average Price	Loads	Amount	Average Price
Brought Forward Total Coke	250,260.48	1,105,866.16	4.42	248,607.32	1,052,277.92	4.23
Breeze:						
Used in Manufacturing	21,182.00	83,668.90	3.95	16,892.00	66,723.40	3.95
Used at Power Plant, etc.	6,646.00	26,251.72	3.95	6,351.00	25,086.45	3.95
Sold to Consolidated Gas Company	737.80	2,914.31	3.95	2,853.97	11,273.20	3.95
Sold to National Coke and Coal Company				15.00	45.00	3.00
5123 Sold to Other Companies	655.37	2,574.44	3.93			
Cash Sales	27.09	37.93	1.40			
Total Breeze	29,248.26	115,447.30	3.94	26,111.97	103,128.05	3.95
Total	279,508.74	1,221,313.46	4.37	274,719.29	1,155,405.97	4.21

Coke and breeze used in manufacturing includes the quantity used in the boilers of all three plants, the generator fuel sent to the water gas plant, and the coke used for firing the benches and for bench fuel. There is no actual measurement of the fuel used under the retorts as I understand it, but after adding up all the other quantities used and sold, the balance to be accounted for is charged to fuel for benches at $4.25 per load.

5124 Upon the basis of the prices fixed by the company for coke and breeze used and sold, it is easy to determine the amount to be credited to residuals for the quantity produced. As before, I will combine the figures for the two plants to avoid unnecessary complications:

35125

	Year 1918			Eight Months 1919		
	Loads	Amount	Average Price	Loads	Amount	Average Price
nd sold during period	279,508.74	$1,221,313.46	4.37	274,719.29	$1,155,405.97	4.21
: On hand at beginning	4,298.25	14,613.99	3.40	10,256.51	43,590.17	4.25
	275,210.49	1,206,699.47	4.38	264,462.78	1,111,815.80	4.20
On hand, end of period	10,256.51	43,590.17	4.25	13,797.07	58,637.55	4.25
nd breeze produced	285,467.00	$1,250,289.64	4.38	278,259.85	$1,170,453.35	4.21

35126

It is important to notice that although the average price of the bituminous coal charged to manufacturing has increased 18.59 per cent, there is no change in the average price of the coke sent to the affiliated gas companies. There is an increase in the price charged the U. S. Government of about 13 1/2 per cent and the National Coke and Coal Company of 9 per cent. As between the cost of coal gas and water gas at Astoria the price at which coke is transferred to the water gas plant makes a material difference in the final figures.

BENCH FUEL: This includes fuel under retorts and fuel for firing benches. Upon the basis of charging this material to manufacturing, as previously explained the costs work out as follows:

35127

	Year 1918			Eight Months 1919		
	Loads	Amount @ $4.25	Cost per M cu. ft.	Loads	Amount @ $4.25	Cost per M cu. ft.
t A:						
ring Benches	1,364.09	$ 5,797.38	.00306	592.76	$ 2,519.24	.00136
el under Retorts	25,417.82	108,025.72	.05700	20,939.93	88,994.69	.04803
Total	26,781.91	$113,823.10	.06006	21,532.69	91,513.93	.04939
t B:						
ring Benches	1,016.81	4,313.79	.00368	430.94	1,831.49	.00163
el under Retorts	16,403.16	69,713.72	.05943	15,551.16	66,092.43	.06062
Total	17,419.97	$ 74,027.51	.06311	15,982.10	67,923.92	.06230

p. 19

I have given in the statistical statements Number 4 and Number 5 the pounds of bench fuel (including fuel for firing benches) per thousand cubic feet of gas made, but I believe it is more instructive as an indication of the fuel efficiency to show the pounds of bench fuel used per 100 lb. of coal carbonized; at any rate I give the figures here for what they may be worth:

	Year 1918			Eight Months 1919		
	Pounds Bench Fuel	Pounds Coal Carbonized	Pounds Fuel per 100 lbs. Coal	Pounds Bench Fuel	Pounds Coal Carbonized	Pounds Fuel per 100 lbs. Coal
Plant A:						
Firing Bench	2,046,135	393,556,374	0.52	880,140	391,949,712	0.23
Fuel under Retorts	38,126,730		9.69	31,409,895		8.01
Total	40,172,865	393,556,374	10.21	32,299,035	391,949,712	8.24
Plant B:						
Firing Benches	1,525,215	245,889,706	00.62	646,410	231,352,352	00.28
Fuel under Retorts	24,604,740		10.01	23,326,740		10.08
Total	26,129,955	245,889,706	10.63	23,973,150	231,352,352	10.36

Boiler Fuel: This comprises the cost of bituminous, steam and anthracite coal, and coke and breeze used in the boilers. The costs at the two plants compare as follows:

	Year 1918			Eight Months 1919		
	Plant A	Plant B	Average	Plant A	Plant B	Average
Coal	80.01770	0.01757	0.01765	0.00160	0.00125	0.00148
Coke and Breeze	0.01745	0.02431	0.02007	0.01549	0.01915	0.01684

35131

Very little steam coal was charged to the coal gas plants in the eight months of 1919. Statements Number 4 and Number 5 give the statistics of the different kinds and the quantities of fuel used. The explanation probably lies in the fact that the company furnished steam for the carbon and light oil recovery plants of the U. S. Government in much greater quantity in the former period, as an indication of which the following charges for steam may be taken: p. 20

35132

	Year 1918			Eight Months 1919		
	Plant A	Plant B	Total	Plant A	Plant B	Total
Charges to the U. S. Government for Steam:						
Carbon Plant	$16,337.41	9,754.30	26,091.71	1,262.18	580.38	1,842.56
L. O. R. Plant	6,374.33	3,338.97	9,713.30	135.41	98.75	234.16
Total	22,711.74	13,093.27	35,805.01	1,397.59	679.13	2,076.72

35133

ENRICHMENT: For the purpose of adjusting the cost of coal gas mixed with water gas at Astoria, I will submit a computation admittedly rough—based upon information obtained from the company's records and vouchers. In the following table the gas "sent to Ravenswood" is taken from the monthly gas production statistics as given on page 10 of this report, candle power from the manufacturing report, and gas oil from the vouchers of the New Amsterdam Gas Company:

35134

p. 21

1918	Sent to Ravenswood M. cu. ft.	C. P.	Enriching Oil Per M. Gallons	cu. ft.
January	151,844.0	14.26	302,848	1.99
February	111,380.5	14.11	216,059	1.94
March	116,841.6	13.39	224,217	1.92
April	107,772.9	12.76	194,242	1.80
May	80,639.2	14.00	130,224	1.62
June	79,080.7	13.71	115,801	1.46
July	79,100.3	14.03	104,412	1.32
August	73,258.7	13.89	104,027	1.42
September	73,290.0	10.72	121,661	1.66
35135 October	74,990.2	10.27	125,984	1.68
November	96,568.2	10.64	158,372	1.64
December	130,547.5	14.30	219,265	1.68
Total	1,175,318.8	13.16	2,017,112	1.72

1919	Sent to Ravenswood M. cu. ft.	Enriching Oil Gallons Per M. cu. ft.	
January	195,780.3	372,161	1.90
February	164,193.7	346,483	2.11
March	143,905.3	287,745	2.00
April	130,289.1	278,829	2.14
35136 May	126,856.1	241,415	1.90
June	142,729.7	263,869	1.85
July	141,387.8	224,429	1.59
August	171,920.9	247,517	1.44
Total	1,217,062.9	2,262,448	1.86

From Statement Number 3 it will be observed that the cost of enriching gas to Ravenswood for the year 1918 is charged to Plant B, and it will also be observed that the total in the first column in the

35137

above table for that year agrees approximately with the output of the Plant as given on page 7, therefore, I have compared the c. p. for that plant with the oil used per thousand cubic feet. There is only a fair correspondence between these two columns, but I have assumed that the average of 1.72 gallons of oil may, for all practical purposes, be taken as a basis. In the eight months of 1919 the cost of enrichment is distributed between the two coal gas plants on the company's books in the ratio of 34.15 per cent to Plant A and 65.85 per cent to Plant B. This may give some indication of the quantity of gas sent to Ravenswood from each plant in order to get the c. p. of the 35138
total gas sent, but as I purpose to rely on the average of 1.86 gallons per thousand cubic feet for the eight months, I have not worked out the c. p. even although the statistics on pages 7 and 8 would indicate that the oil average is somewhat high compared with the previous year. Deductions for oil tar and drip oil recoveries will be based upon the averages obtained from the Astoria Company's records as hereinafter shown.

It may be explained that the New Amsterdam Company charges for oil less the recoveries, and adds 10 per cent to the net amount of the bill. This 10 per cent will of course be disregarded in com- 35139
puting the cost for enriched at Astoria. Further, I will take the average price of gas oil, tar, etc., used as shown on the Astoria Company's records and not as appearing on the vouchers of the New Amsterdam Gas Company: p. 22

(1) Gas enriched at Astoria

		Year 1918	Eight Months 1919
Gas made at Astoria (pages 7 & 8)	M. cu. ft.	3,068,077	2,943,153
Sent to Ravenswood		1,175,314	1,217,063
Enriched at Astoria	M. cu. ft.	1,892,763	1,726,090

(2) Net Cost of Enrichment

	Year 1918			Eight Months 1919		
	Gallons	Average Price	Amount	Gallons	Average Price	Amount
Gas Oil (1.72 in 1918, 1.86 in 1919)	3,255,552	$ .06460	210,308.66	3,210,527	$ .06823	219,054.26
Oil Tar (.1574 in 1918, .1792 in 1919)	512,424*	.06144	31,483.33*	575,326*	.03886	22,357.17*
Drip Oil (.01755 in 1918, .00946 in 1919)	57,135*	.11264	6,435.69*	30,372*	.05700	1,731.20*
Net Cost			$172,389.64			$194,965.89

These amounts will be deducted from the cost of water gas manufacture in their appropriate departments. Comparing the cost as above computed with the cost of enriching at Ravenswood, I get the following results:

	Year 1918			Eight Months 1919		
	M. cu. ft.	Amount	Per M. cu. ft.	M. cu. ft.	Amount	Per M. cu. ft.
Ravenswood	1,175,314	$118,932.36	.10119	1,217,063	$145,041.83	.11917
Astoria	1,892,763	172,389.64	.09108	1,726,090	194,965.89	.11295
Total	3,068,077	$291,322.00	.09495	2,943,153	$340,007.72	.11553

* Denotes Deduction

35143

OTHER SUPPLIES AND EXPENSES: Merely to show the trend in other materials and supplies and in other miscellaneous expenses at the works I will give a table of the constituent items in this group. I have not examined the expenditures in any way, as the time at my disposal would not permit an examination of sundry items of cost:

	Year 1918			Eight Months 1919		
	Plant A	Plant B	Average	Plant A	Plant B	Average
Other Materials and Supplies						
Oxide	.00543	.00536	.00540	.00688	.00684	.00687
Water	.00313	.00419	.00354	.00198	.00310	.00240
Sundry Supplies	.00195	.00628	.00360	.00107	.00362	.00201
Total Other Materials and Supplies	.01051	.01583	.01254	.00993	.01356	.01128
Miscellaneous Works Expense	.02005	.02824	.02318	.01487	.02502	.01863
Total	.03056	.04407	.03572	.02480	.03858	.02991

35144

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35146

It will be noted that the lower costs, with one exception, are associated with the higher output—thus compare Plant A with Plant B in each year, and the year 1918 with the eight months of 1919.

Residuals. The following is a summary of the principal items included under residuals:

	Year 1918			Eight Months 1919		
	Plant A	Plant B	Average	Plant A	Plant B	Average
Coke	.40765	.40730	.40752	.39791	.39730	.39769
Tar	.05142	.04693	.04970	.05381	.04833	.05178
Ammoniacal Liquor	.03597	.03463	.03546	.04109	.04086	.04100
35147 Cyanogen	.07873	.09900	.08648	.03709	.03612	.03673
Other Residuals	.02303	.02804	.02529	.01476	.01436	.01461
Total	.59680	.61680	.60445	.54466	.53097	.54181
Residuals Expense	.04110	.05010	.04454	.04369	.04503	.04418
Net Residuals	.55570	.56670	.55991	.50097	.49194	.49763

Comparing the average for each period there is an aggregate decrease of about 6 cents in 1919. It was already noted on page 10 that there was a decrease in the average price of coke produced, according to the book figures, owing to a material reduction in
35148 sales to the U. S. Government for the carbon plant.

3514

I have calculated in statements #4 and #5 the average gallons of tar recovered from each thousand feet of gas made, but I understand it is more correct to show the tar recoveries in relation to the gross tons of coal carbonized. The following is a summary of the results: p. 24

	Year 1918			Eight Months 1919		
	Gross tons Coal	Gallons Tar	Gallons per ton	Gross tons Coal	Gallons Tar	Gallons per ton
Plant A	175,694.81	2,440,763	13,892	174,977.55	2,319,396	13.255
Plant B	109,772.19	1,344,262	12.246	103,282.30	1,199,665	11.615
Total	285,467.00	3,785,025	13.259	278,259.85	3,519,061	12.647

3515

L. O. R., ETC., OPERATIONS: These credits consist of charges to the U. S. Government for steam supplied to the carbon and light oil recovery plants, and for the estimated loss in the volume of the gas due to light oil operations:

$	Year 1918			Eight Months 1919		
	Plant A	Plant B	Total	Plant A	Plant B	Total
Steam (page 20)	$22,711.74	$13,093.27	$35,805.01	$1,397.59	$ 679.13	$2,076.72
Loss in Volume	1,116.72	551.05	1,667.77			
	$23,828.46	$13,644.32	$37,472.78	$1,397.59	$ 679.13	$2,076.72
Per M. cu. Ft.	$ 0.01257	$ 0.01163	$0.01221	$ 0.00076	$ 0.00062	$ 0.00070

3515

UNDISTRIBUTED MANUFACTURING COSTS: It was explained on page 11 that certain of the expenses of manufacturing were not distributed completely among the various plants. Repairs at works are partially distributed; Power House operations and maintenance expense is not distributed; some miscellaneous charges are also left as a general charge on the accounts.

35152

ELECTRIC POWER HOUSE EXPENSE: In the monthly gas production statistics submitted to me there is a memorandum of the percentage of total electric current generated as used by each plant. I have taken these monthly percentages as a basis for distributing this expense and obtain the following result:

p. 25

	Year 1918			Eight Months 1919		
	Amount	Per cent	Cost per M. cu. ft.	Amount	Per cent	Cost per M. cu. ft.
Plant A	$39,851.52	44.01	$0.02103	$29,191.56	51.49	$0.01576
Plant B	36,993.43	40.85	0.03154	20,777.28	36.64	0.01906
35153 Total Coal Gas	$76,844.95	84.86	0.02505	$49,968.84	88.13	0.01698
Plant C	13,714.30	15.14	0.00206	6,729.74	11.87	0.00161
Total	$90,559.25	100.00	$0.00930	$56,698.58	100.00	0.00796

REPAIRS AT WORKS: As the greater part of repair expenses is applicable to specific plants, it seems reasonable to assume that the balance may be allocated on the basis of the gas made. That is to say, repairs chargeable to Plants A and B are divided in the ratio of the coal gas made at these two plants to the total coal gas made. Similarly repairs chargeable to all plant are divided in the ratio of the gas made at each plant to the total coal and water gas made. The following is a summary of the repairs, based upon this method, per thousand cubic feet made:

35154

	Year					1918
	Plant A	Plant B	Plants A & B	Plant C	Total	Plant A
Repairs to Apparatus	$0.09365	$0.12174	$0.10439	$0.02151	$0.04762	$0.05620
Repairs to Buildings	0.00293	0.00689	0.00444	0.00117	0.00220	0.00268
Repairs to Tools & Implements	0.00315	0.00154	0.00253	0.00120	0.00162	0.00247
Total	$0.09972	$0.13016	$0.11136	$0.02388	$0.05144	$0.06134

Owing to the unusually heavy expense at Plant B, particularly in 1919, these costs should not be accepted as indicating average repairs. What should be the fair average under present conditions is a matter of judgment depending upon a knowledge of the average increase in the price of the materials and in the rates for the class of labor employed in this kind of work. It may be of interest to compare the expense for repairs at works for some years in the past experience of the company. I have accordingly submitted in Statement #10 a comparative summary of directly distributed repairs for the years 1912 to 1918, in cents per thousand feet of gas made.

Other Undistributed Costs: On account of their general character I have distributed the remaining expenses on the basis of gas made at each station. The cost for each station will accordingly be stated as it appears in statement #2:

	Year 1918	Eight Months 1919
Station Distribution	$0.00004	$0.00005
Mess Hall Expense	0.00097	0.00155

35152

	1918	Eight Months 1919				
	Plant A	Plant B	Plants A & B	Plant C	Total	
.2	$0.05620	$0.19716	$0.10841	$0.02327	$ .05843	
30	0.00268	0.00807	0.00467	0.00123	.00265	
.2	0.00247	0.00138	0.00207	0.00108	.00149	
44	$0.06134	$0.20661	$0.11515	$0.02558	$ .06256	

35153

se at Plant B, st be accepted uld be the fair atter of judg- he average in- d in the rates kind of work. xpense for re- ast experience submitted in of directly dis- 1918, in cents

p. 26

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count of their remaining ex- station. The e stated as it

Eight Months 1919
$0.00005
0.00155

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RECAPITULATION—COAL GAS: In the following table I have summarized the costs of manufacture for the year 1918, and for the eight months of 1919, as noted on the foregoing pages, subject to the qualification as to repairs at works:

			Year 1918			Eight Months 1919		
		Page	Plant A	Plant B	Average	Plant A	Plant B	Average
	Labor	12	$0.07703	$0.07726	$0.07712	$0.07364	$0.07903	$0.07564
	Coal Carbonized	12	0.46413	0.46142	0.46309	0.55805	0.55963	0.55864
	Bench Fuel	18	0.06006	0.06311	0.06123	0.04939	0.06230	0.05417
	Boiler Fuel	19	0.03515	0.04188	0.03772	0.01709	0.02040	0.01832
35159	Enrichment	20	0.09495	0.09495	0.09495	0.11553	0.11553	0.11553
	Other Supplies & Expenses	23	0.03056	0.04407	0.03572	0.02480	0.03858	0.02991
	Total Labor and Material		$0.76188	$0.78269	$0.76083	$0.83850	$0.87547	$0.85221
	Residuals—net	23	$0.55570	$0.56670	$0.55991	$0.50097	$0.49194	$0.49763
	L. O. R., Etc., Operations	24	0.01257	0.01163	$0.01221	0.00076	0.00062	0.00070
	Total Residuals, Etc.		$0.56827	$0.57833	$0.57212	$0.50173	$0.49256	$0.49833
	Net Cost—Labor & Materia		$0.19361	$0.20436	$0.19771	$0.33677	$0.38291	$0.35388
	Electric Power	24	0.02103	0.03154	0.02505	0.01576	0.01906	0.01698
	Repairs at Works	25	0.09972	0.13016	0.11136	0.06134	0.20661	0.11515
35160	Station Distribution	26	0.00004	0.00004	0.00004	0.00005	0.00005	0.00005
	Mess Hall Expense	26	0.00097	0.00097	0.00097	0.00155	0.00155	0.00155
	Total		$0.31537	$0.36707	$0.33513	$0.41547	$0.61018	$0.48761

WATER GAS.

p. 27

LABOR: This item has increased only a small fraction of a cent per thousand cubic feet of gas made, as may be seen from the following:

	Year 1918	Eight Months 1919	Increase
Superintendence	.00316	.00392	.00076
Generator House	.01757	.01758	.00001
Boiler House	.00569	.00661	.00092
Purification	.00121	.00105	.00016*
Total	.02763	.02916	.00153

*Denotes decrease.

GENERATOR FUEL: This consists of anthracite and coke used in the generators in the following proportions:

	Year 1918			Eight Months 1919		
	Quantity	Average Price	Cost per M cu. ft.	Quantity	Average Price	Cost per M. cu. ft.
Anthracite Coal (Gross tons)	18,750.10	$6.30826	.01773	775.45	$6.82447	.00126
Coke (Loads)	128,959.23	4.29101	.08296	100,470.47	4.29793	.10319
			.10069			.10445

Statement 27 gives the average price of the coal used as $6.18567 for 1918, and $6.71293 for the eight months of 1919, to which should be added the cost of handling, giving the averages contained in the foregoing table. Coke was received from the coal gas plant at $4.25 per load as already shown on page 16, the difference between this price and the average above shown being for cost of handling.

35164

Both kinds of fuel were used in 1918, throughout the year except in the month of July, and as the reports contain only monthly totals, I am unable to make any reliable computations with reference to the relative efficiency of the two. Furthermore the question of price would have to be taken into consideration, and the fact must not be overlooked that there has been no change in the average coke price used during the period. It may be noted in a general way that on reduction of the above quantities to a common basis, the average weight of both coal and coke used in 1918 per thousand cubic feet is 35.297 lbs., as against 36.427 lbs. in 1919.

35165

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BOILER FUEL: This item includes bituminous, steam, and anthracite coal, coke, breeze and oil tar. The proportions of coal, coke and breeze, and tar may be given as follows:

		1918 Year			1918 Eight Months	1919	
		Quantity	Average Price	Cost per M cu. ft.	Quantity	Average Price	Cost per M cu. ft.
Coal	Gross Tons	5,493.80	$5.8551	0.00482	916.39	$6.8667	0.00151
Coke and Breeze	Loads	12,665.00	4.1190	0.00782	4,638.00	4.0889	0.00453
Oil Tar	Gallons	2,934,757	0.0600	0.02640	2,736,704	0.0400	0.02616
Crude Still Residue		—	—	0.00019	—	—	—
				$0.03923			$0.03220

35166

The average price of the coal used in 1918, was $5.62401 per ton, with 23 cents plus for cost of handling, in 1919, it was $6.31537 per ton, with 55 cents plus for handling. Coke and breeze were charged at $4.25 and $3.95 per load respectively as already shown on pages 16 and 17, with 8.8 cents for handling in 1918 and 13.9 cents in 1919. Tar is charged at the same rate at which it is credited under residuals.

GAS OIL: Under the contracts made by the Consolidated Gas Company with the Standard Oil Company (New Jersey) oil is delivered in tank boats at the mouth of the pipe lines at Astoria. The quantities so delivered are measured and invoices rendered on the basis of the number of gallons certified to have been loaded by a properly authorized New York Produce Exchange Inspector. The prices fixed in the contracts are based upon existing lighterage rates plus Government tax of 3 per cent, subject to adjustment for increase or decrease in these rates.

So far as I am aware there were three contracts governing the purchase of oil in 1918 and 1919, from which I append certain particulars, merely for the purpose of facilitating a study of the average price paid for oil in the period under consideration.

Date of Contract	Price per gallon by tank boat	Lighterage per bbl.	Government Tax	Period Covered
December 4, 1917	6.5721 ¢	3-1/2 ¢	3%	Year 1918
December 18, 1918	7.5927 ¢	4-1/2 ¢	3%	Year 1919
March 28, 1919	Rate 1-1/2 ¢ per gallon less than price specified in Section 4 of contract of December 18, 1918.			Balance of Year 1919 (April 1 to December 31).

p. 29

From an examination of the vouchers and the statistical reports I find that the quantities of oil purchased in 1918, and the first eight months of 1919, are as summarized in the following table, to which I have appended the stocks on hand at the beginning and the end of the year or period in order to determine the quantities and average prices of the oil used:

Year 1918			Period	Eight Months 1919		
Gallons	Amount	Average Price		Gallons	Amount	Average Price
14,061,786	$ 924,154.33	0.065721	January to February	4,035,733	$ 306,421.11	0.075927
15,612,250	1,029,268.81	0.065927	February to March	4,980,645	378,937.45	0.076082
29,674,036	$1,953,423.14	0.065829	April to August	10,897,239	665,625.16	0.061082
	90.00	0.000003				
29,674,036	$1,953,513.14	0.065832	Total Purchased	19,913,617	$1,350,983.72	0.067842
2,352,863	117,642.48	0.050000	On hand January 1	1,584,745	104,476.38	0.065926
32,026,899	$2,071,155.62	0.064669		21,498,362	$1,455,460.10	0.067701
1,584,745	104,476.38	0.065926	On hand August 31	1,636,474	100,262.42	0.061267
30,442,154	$1,966,679.24	0.064604	Used during Period	19,861,888	$1,355,197.68	0.068231

If we divide the gallons used by the cubic feet of water gas manufactured in the above period, the result per thousand cubic feet works out at 4.564 gallons for 1918 and 4.746 gallons for the eight months of 1919, as found in Statement 27. The average c. p. for these two periods is given on page 6 as 21.45 in 1918 and 25.74 in 1919.

To adjust the cost of coal gas enriched at Astoria I make a computation on page 22, whereby 3,255,552 gallons of oil were transferred to coal gas manufactur-

35173

ing for the year 1918, and 3,210,527 gallons in the eight months of 1919, the average prices being as shown in the above table for oil used. After applying the corresponding adjustments to water gas oil, I obtain the following results:

	Year 1918			Eight Months 1919		
	Gallons per M cu. ft.	Average Price	Cost per M cu. ft.	Gallons per M cu. ft.	Average Price	Cost per M cu. ft.
Oil for Water Gas	4.0758	$0.064604	0.26331	3.9790	$0.068231	0.27149

OTHER SUPPLIES AND EXPENSES: The following is a table of the items comprised in this group: p. 30 35174

	Year 1918	Eight Months 1919
Other Materials & Supplies:		
Oxide	$0.00216	$0.00269
Water	0.00172	0.00210
Shavings	0.00013	0.00011
Sundry Supplies	0.00111	0.00094
Total Other Materials & Supplies	$0.00512	$0.00584
Miscellaneous Works Expense	0.00590	0.00613
Total	$0.01102	$0.01197

35175

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RESIDUALS: About fifty per cent of the oil tar produced is used in the boilers at Plant C. I have given in Statement #7 the gallons of oil tar produced per thousand cubic feet of gas made, but it is probably more instructive to show the gallons of tar produced relative to the gallons of oil used.

	Year 1918			Eight Months—1919		
	Gallons Gas Oil	Gallons Oil Tar	Gal. Tar per Gal. Oil	Gallons Gas Oil	Gallons Oil Tar	Gal. Tar per Gal. Oil
Ratio—Oil Tar to Gas Oil	30,442,154	4,791,655	0.1574	19,861,888	3,559,213	0.1792

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In the same manner the drip oil recoveries may be shown in relation to the gallons of oil used:

	Year 1918			Eight Months—1919		
	Gallons Gas Oil	Gallons Drip Oil	Gal. Drip Oil per Gal. Oil	Gallons Gas Oil	Gallons Drip Oil	Gal. Drip Oil per Gal. Oil
Ratio—Drip Oil to Gas Oil	30,442,154	534,368	0.01755	19,861,888	187,895	0.00946

I have transferred a proportion of the above residuals to the cost of enriching coal gas at Astoria, as explained on page 22. Giving effect to this adjustment I obtain net credits as follows:

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	Year 1918			Eight Months—1919		
	Gallons per M cu. ft.	Average Price	Cost per M cu. ft.	Gallons per M cu. ft.	Average Price	Cost per M cu. ft.
Oil Tar	.64154	$.06144	.039416	.71302	$.038859	.027707
Drip Oil	.07155	.11264	.008059	.03764	.057000	.002146
Total			$.047475			$.029853

35179

L. O. R., Etc., Operations: These credits consist of charges to the U. S. Government for steam supplied to the carbon and light oil recovery plants, and for the estimated loss in the volume of the gas due to light oil operations:

	Year 1918 Amount	Eight Months 1919 Amount
Steam for Carbon Plant	$59,083.52	$2,587.14
Steam for L. O. R. Plant	28,359.74	550.84
Loss in Volume of Gas	5,426.27	—
Total	$92,869.53	$3,137.98
Cost per M. cu. ft.	$0.01392	0.00075

35180

Recapitulation—Water Gas: In the following table I have summarized the costs of manufacture for the year 1918 and for the eight months of 1919, as noted on the foregoing pages:

	Page	Year 1918	Eight Months 1919
Labor	27	$0.02763	$0.02916
Generator Fuel	27	0.10069	0.10445
Boiler Fuel	28	0.03923	0.03220
Gas Oil	28	0.26331	0.27149
Other Supplies and Expenses	30	0.01102	0.01197
Total Labor and Material		$0.44188	$0.44927
Residuals—Net	30	$0.04748	$0.02985

35181

L. O. R., etc., Operations	31	0.01392	0.00075
Total Residuals, etc.		$0.06140	$0.03060
Net Cost—Labor & Material		$0.38048	$0.41867
Electric Power	24	0.00206	0.00161
Repairs at Works	25	0.02388	0.02558
Station Distribution	26	0.00004	0.00005
Mess Hall Expense	26	0.00097	0.00155
Total		$0.40743	$0.44746

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SUMMARY OF COST OF PRODUCTION—ALL PLANTS: The table given below shows cost of production for all plants at Astoria based on the accounts of the Company with the adjustment as made by me for enriching coal gas at Astoria and with the distribution of electric power, repairs, etc., as previously explained, which accounts for the total cost referred to on page 22:

Year 1918				Eight Months 1919			
Gas Made		Production Cost		Gas Made		Production Cost	
M. cu. ft.	Per Cent	Amount	Per M cu. ft.	M cu. ft.	Per Cent	Amount	Per M cu. ft.
1,895,126	19.46	$ 597,679.28	0.31537	1,852,877	25.99	$ 769,799.81	0.41547
1,172,951	12.04	430,568.52	0.36707	1,090,276	15.30	665,263.61	0.61018
3,068,077	31.50	$1,028,247.80	0.33513	2,943,153	41.29	$1,435,053.42	0.48761
6,670,274	68.50	2,717,723.33	0.40743	4,184,849	58.71	1,872,517.50	0.44746
9,738,351	100.00	$3,745,971.13	0.38466	7,128,002	100.00	$3,307,570.92	0.46402

35185

Subject to the qualifications heretofore noted in respect to the question of coke prices as between coal gas and water gas costs, and to a normal average for repairs at works at the coal gas plants.

OTHER EXPENSES—TAXES, RENTALS, ETC.

GENERAL EXPENSES: As I have not examined these expenses in detail I simply reproduce the figures according to the books of the Company with the remark that they include a donation of $21,250.00 to the American Second Red Cross Fund and United War Work Campaign in the year 1918. The expenses are given by accounts in Statement #8, which 35186
shows the costs per thousand feet of sales as follows:

	Year 1918	Eight Months 1919
General Office and Other General Expenses	$0.01643	$0.01150

TAXES: The expense for taxes is usually set up on an estimated basis at the beginning of the year, for the purpose of accruing for each month the approximate amount necessary to cover payments to be made p. 33
on assessments applicable to the year in question. For instance the accrual for 1919 was based upon a rate of $0.0613 per thousand cubic feet of sales, which 35187
was the average paid in the previous year, as will be seen from Statement #1. About the end of the year an adjustment is made to correct this estimate for the excess or deficiency of the amount accrued as compared with the actual liability. Under these circumstances it will be evident that the taxes closed into Profit and Loss for the year 1918 are practically final so far as the Company is concerned, but the amount charged for taxes in the operating expenses of the eight months of 1919 is subject to correction.

The following table will give the adjusted figures as taken from the books. For 1918 the statistics are

35188

copied from a journal entry of December of that year, while for the eight months of 1919 I have taken the journal entry made in November last which was the latest available date:

	Year 1918			Year 1919		
	Valuation or Basis	Rate Per Cent	Tax	Valuation or Basis	Rate Per Cent	Tax
Real Estate	$14,354,910	2.41	$345,953.30	$14,717,910	2.37	$348,814.45
Gross Earnings	6,303,220	0.50	31,516.10	9,065,371	0.50	45,326.86
Personal	500,000	2.33	11,157.41	500,000	2.32	11,600.00
Capital Stock	—	—	8,541.50	—	—	25,814.50
35189 Excess Dividends over 4%	200,000	3.00	6,000.00	200,000	3.00	6,000.00
Special Franchise	13,350	2.41	321.73	13,350	2.37	316.38
Federal Income	—	—	192,594.01	—	—	133,167.06
Interest on Unpaid Taxes	—	—	—	—	—	21,214.03
Total for Year 1918			$596,084.05	Total for Year 1919		$592,253.28
				Proportion 8 Months		$394,835.52

The taxes paid on real estate are less than the amount provided for as above shown. This is because the full valuation of Block 95, L. 1, $13,486,000 was reduced 25 per cent in 1918. The total tax paid
35190 for that year was only $264,700.15. Again in 1919 this same parcel was valued at $14,297,000 but was reduced by the excess of assessment over reproduction value as reported to the State Tax Board $176,495, the difference being finally "equalized" at 89 per cent giving as the taxable value $12,567,249.45. Thus the Real Estate tax actually paid for 1919 was only $307,819.36. I have revised the tax provision to conform to the actual payments, but if it should be proved that there is a real liability for the difference in tax then this adjustment may be ignored.

No. 34

35191

Gross Earnings Tax for the year 1918 as included in the table is the tax paid for the year ended October 31, 1917. The tax paid for the year ended October 31, 1918, was $36,920.45, which is the amount more nearly coinciding with the sum applicable to 1918 and I have therefore adopted this figure.

I wish to direct attention to the inclusion of the Federal Income Tax and the Excess Dividends Tax in the foregoing table. The income tax is paid through the Consolidated Gas Company which bills the Astoria Company for its proportion, estimated in some way, as is evident from a letter which is attached to Voucher 5328 of September, 1919. Neither Income Tax nor Excess Dividends Taxes are to be regarded as operating expenses, constituting a part of the cost of manufacturing and selling gas, and I have therefore excluded them from the adjusted tax provision.

35192

Adjustment of Taxes	Year 1918	Year 1919
Tax Provision as per page 33	$596,084.05	$592,253.28
Adjustment of Gross Earnings Tax, 1918	5,404.35	—
Overstatement of Real Estate Tax	$601,488.40	$592,253.28
Federal Income Tax and Excess Dividends Taxes not applicable to cost of manufacture and sale of gas	$ 81,253.15	$ 40,995.09
	198,594.01	139,167.06
Adjusted Taxes	$321,641.24	$412,091.13
Proportion Chargeable to Aug. 31, 1919		$274,727.44
Per M. cu. ft. of sales	$ 0.03307	$ 0.03859

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RENEWALS AND REPLACEMENTS: At a meeting of
f. 35 the Board of Directors held October 28, 1915, it was resolved that in providing hereafter for the expenditures required from time to time for renewals and replacements of property of this Company retired from service (due to normal causes of obsolescence, inadequacy or changes made in conformity with discoveries or improvements in methods of generating or distributing gas) the officers of this Company be and they hereby are authorized and directed to charge each month after January 1, 1915, as a part of the operating expenses of this Company under the designation of
35195 Renewals and Replacements, a sum equal to 1 2 cent per thousand cubic feet of gas sold during said month, the same to be credited to Renewals and Replacements account; no charges against the latter account nor any appropriations therefrom to be made except by authority of the Board of Directors.

There has been charged to this reserve from time to time the original cost of various kinds of property withdrawn from service, less the net salvage after taking into account the cost of dismantling. In the year 1918 the charge to the reserve represented Tools and Implements withdrawn from service.

USE OF DISTRIBUTING SYSTEM: Beginning in 1916
35196 and continuing until 1919 the Company has paid for the use of the Astoria Tunnel, the Ravenswood Tunnel, and the 48" and 60" mains, all owned by the East River Gas Company, and for the 48" Harlem River Main of the Standard Gas Light Company on the basis of a proportion of the investment at 12 per cent per annum. The proportion of investment is based upon the Company's use of the facilities, estimated at 60.92 per cent.

35197

In June, 1919, the rentals were reduced between 5 and 6 per cent, the reduction to be effective as from January 1, 1919. Statement #1 shows the rental paid for each of the above-named facilities, the expense per thousand feet of sales being as follows:

	Year 1918	Eight Months 1919
Use of Distributing System	$0.05208	$0.04468

p. 36

UNDISTRIBUTED ADJUSTMENTS AND DUPLICATE GAS CHARGES: The Company recovered substantial sums from the U. S. Government as overhead charges on construction work done at the charcoal and soda lime plant, and for supervision on the operation of the Company's own property—gas benches, apparatus, land and buildings—devoted to Government operations. It will be recalled that the charge for the use of the Company's property is credited to Miscellaneous Revenue in the accounts of the Company. 35198

Various other items are collected along with the above, a summary of which follows:

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	Year 1918	Eight Months 1919
Supervision and overhead (10 per cent) on new equipment, including buildings, machinery, materials, tools, supplies and labor furnished by the Company in connection with the U. S. Government charcoal and soda lime plant erected at Astoria works, in terms of Contract #1046.	$128,265.73	$73,078.30
U. S. Government Carbon Plant, 10 per cent on direct charges for labor and material furnished by Company under terms of Contract G. D. 1889, dated December 31, 1918	—	6,394.42
35201 Supervision Factory and General Overhead Expense under terms of Contract #1046, dated October 1, 1917, $4,080.00 per month	48,960.00	4,080.00
M. Samuels & Sons for sale of scrap at $17.50 per gross ton	6,629.53	—
Miscellaneous Accounts (Cash Discounts, etc.)	4,103.08	2,484.37
Total	$187,958.34	$86,037.09

Duplicate Gas Charges consist of gas used at works, etc., which amounts to $8,719.73 in 1918 and $3,593.68 in the eight months of 1919.

35202 The credit in cents per thousand cubic feet of sales is $0.02022 for 1918 and $0.01259 for the eight months of 1919.

35103

Summarizing the cost of production and taxes, rentals, etc., less the undistributed credits, as found on the preceding pages, I get the following table of items in the cost of gas delivered to the Consolidated Gas Company in Manhattan: p. 37

SUMMARY—COST OF GAS DELIVERED.

(Per thousand cubic feet of gas sold)

	Page	Year 1919	Eight Months 1919
Cost of Production ($.38466 and $.46402 per M cu. ft. Made—Page 32)	31	$ 0.38513	0.46457
General Expenses	32	0.01643	0.01150
Taxes	32	0.03307	0.03859
Renewals and Replacements	35	0.00500	0.00500
Use of Distributing System	35	0.05208	0.04468
		0.49171	0.56434
Undistributed Adjustments and Duplicate Gas Charges	36	0.02022	0.01259
Miscellaneous Revenue	7	0.00599	0.00343
		0.02621	0.01602
COST OF GAS DELIVERED		$ 0.46550	0.54832

35204

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II. RETURN ON INVESTMENT.

On page 3, I showed the amount stated by the Company to represent interest on investment at 7 per cent per annum. According to the testimony of Mr. Teele the investment includes, besides construction expenditures, the book accounts for materials and supplies, accounts receivable, cash and other items. The amount added to the total of construction accounts for these elements in the month of August, 1918, was

35206 $1,669,892.64. This is about 17 cents per thousand cubic feet on 9,750,000 M. cubic feet of sales in 1918. It is proper of course that an allowance should be made for working capital, and I shall submit a computation for this purpose at a later stage of the report.

p. 38

FIXED CAPITAL ACCOUNTS: The total of the fixed capital accounts in the construction ledger at August 31, 1919, was $15,468,667.99. There are a large number of accounts classifying the expenditures under real estate, improvements on real estate, individual buildings, apparatus in each building, docks, 35207 wharves, railroads, overhead charges, etc. For convenience I have condensed these accounts under the following heads:

Real Estate	$1,227,997.85
Improvements on Real Estate	1,031,236.43
Docks, Wharves, Railroads, and Equipment	1,026,144.20
Buildings	1,906,757.38
Apparatus	5,585,883.90
Holders	1,403,090.64
Tanks	174,204.79
Works Connections	392,025.48
35208 Permanent Fresh Water System	131,176.08
Riggers' Loft	4,704.42
New Oxide Yard	7,360.92
Chimneys	17,759.56
General Equipment	189,538.68
Distributing System	95,435.39
Organization	4,750.00
Expenses during Construction, including Taxes, Insurance and Legal	447,251.10
Repairs during Construction	110,766.06
Engineering	431,198.27
Interest during Construction	159,993.77

35209

Interest as of December 31, 1908	997,301.79
Temporary Structures and Other Miscellaneous Charges	74,091.28
Citizens Mutual Franchise	50,000.00
Total	$15,468,667.99

I have not verified all of these capital expenditures in detail, but I did so examine the items for "Real Estate" and "Improvements on Real Estate." Included in Real Estate I find Discount on Bonds $75,000.00. This is 20 per cent discount on the original $375,000 —5% bonds issued by this company to J. D. Crimmins in 1899 as part of the purchase price of property at Lawrence Point, Long Island, and Berrian Island near Lawrence Point for $714,863.57. Cash was paid for the balance of $414,863.57. p. 39 35210

Improvements on Real Estate consist of grading and filling, drainage, new fences, paving and real estate assessments, which appear to be properly chargeable to construction.

WORKING CAPITAL: The amount included by the company for working capital in the investment, representing materials and supplies and the other elements enumerated on page 37, appears to be somewhat in excess of a fair average allowance at the date in question. As a matter of fact such items as materials and supplies, accounts receivable, and other current assets ought not to be taken without due consideration being given to the extent to which they are offset by outstanding liabilities to the creditors who have furnished credit to the company for these same supplies or services. 35211

The allowance for working capital ought to be sufficient, first, to cover the average amount of money—labor, material, and other expenses—which the company has put into its product, and which is not im-

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mediately recoverable from its consumers. This outlay in the case of the Astoria Company will probably be the cost of the sales of one month. There is the labor and material represented in the gas in the holder. In addition there are materials and supplies on hand, necessary for operations, over and above the unpaid bills for these supplies, and there is a cash balance to be provided.

Having considered these various elements carefully, I have computed the average in terms of cents on the sales and find that for the Astoria Company it approximates 15 cents per thousand cubic feet of sales,

35213 and I have adopted this unit for working purposes.

It may be appropriate to mention at this point that the return on the investment, while more or less fixed in total amount, if expressed in cents per thousand feet of sales will vary in an inverse manner to the volume of the sales. I understand from the record in this case that the Astoria Plant is operated at about only 60 per cent of capacity. How much more it can be worked has a very important bearing on the cost per thousand feet for return on investment, as will be evident from the following:

35214

M. Cu. Ft.	Average Investment (1919)*	Working Capital	Total	Return at 7 Per Cent	Per M. Cu.
10,000,000	$15,400,000	1,500,000	16,900,000	1,183,000	0.118
11,000,000	15,400,000	1,650,000	17,050,000	1,193,500	0.108
12,000,000	15,400,000	1,800,000	17,200,000	1,204,000	0.100
13,000,000	15,400,000	1,950,000	17,350,000	1,214,500	0.093
14,000,000	15,400,000	2,100,000	17,500,000	1,225,000	0.087
15,000,000	15,400,000	2,250,000	17,650,000	1,235,500	0.082

*Base upon Investment as at August 31, 1919.

35115

Of course there might possibly be some additional investment necessary to carry the increased output, but the above will serve as an illustration.

RETURN ON INVESTMENT: There is in the case of this Astoria Light, Heat and Power Company a consideration of great importance, which I desire to present to the Master, in connection with the method by which the company has been financed. Perhaps the most direct way in which to show the sources from which the funds have been derived is to submit a comparative statement of the financial position of the company at January 1, 1907, shortly after the commencement of operations, and December 31, 1918, after twelve years of operation. The following table is condensed from the Comparative Balance Sheet submitted in Statement Number 11:

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Assets	January 1, 1907	December 31, 1918	Increase
p. 41 Fixed Capital	$8,219,016.56	$15,242,633.57	$ 7,023,617.01
Current Assets	253,605.27	2,803,713.05	2,550,107.78
National City Co., Special Deposit	—	550,000.00	550,000.00
Advances to East River Gas Co.	—	5,200,708.88	5,200,708.88
Investments	—	841,303.01	841,303.01
U. S. Government—Gas Defense	—	1,199,178.27	1,199,178.27
Other Assets	79,114.21	689,386.82	610,272.61
Total	$8,551,736.04	$26,526,923.60	$17,975,187.56

53219

Liabilities			
Capital Stock	$ 500,000.00	$10,000,000.00	
First Mortgage Bonds	375,000.00	5,000,000.00	$ 8,115,000.00
Construction Advances	7,510,000.00	1,500,000.00	
Current and Accrued Liabilities	159,684.74	2,054,653.33	1,894,968.59
Depreciation and Contingency Reserves	—	2,973,728.50	2,973,728.50
Other Liabilities	3,958.21	277,421.34	273,463.13
Surplus	3,093.09	4,721,120.33	4,718,027.24
Total	$8,551,736.04	$26,526,923.60	$17,975,187.56

35220

The foregoing clearly shows that since the commencement of operations the assets have increased practically $18,000,000 to which increase the Consolidated Gas Company has had to contribute only $8,115,000, the remainder being obtained from surplus earnings, reserves set up out of operating expenses or surplus, and other liabilities. How has the company accumulated the surplus of $4,721,120.33?

In the first place, while the investment has earned continuously on the basis of 7 per cent, the Consolidated Gas Company has taken not more than six

35221

per cent on advances to the Astoria Company and on the securities which it holds. No dividends were paid on the original $500,000 of stock. The stock was increased in 1914 to $10,000,000 and six per cent dividends have been paid thereon. The original $375,000 First Mortgage Bonds were on a five per cent basis; the $5,000,000 outstanding bonds of October 1, 1913, are on a 5 1/2 per cent basis. On construction advances over and above these securities the Consolidated Gas Company has charged six per cent. Under these circumstances the Astoria Company would always have a surplus in any one year, after paying interest and dividends.

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35222

Another factor which contributed largely to these surplus earnings was the provision for renewals, and contingencies. This was a reserve set up out of operating expenses (excepting the provision for 1917 which was charged to Profit and Loss direct) and constituted a continuously increasing source of capital for extensions, though no interest has ever been taken into account on the steadily increasing balances. An approximation of the amount which the reserve has earned but has not been given credit for may be obtained from the following table, in which I have calculated interest at the conservative rate of six per cent:

35223

35224

Year	Amount at Beginning of Year	Interest for Year at 6 Per Cent	Increase in Reserve (Appropriation)	Amount at End of Year
1907	$ —	$ —	$ 107,997.77	$ 107,997.77
1908	107,997.77	6,479.87	158,648.68	273,126.32
1909	273,126.32	16,387.58	199,509.84	489,023.74
1910	489,023.74	29,341.42	202,037.25	720,402.41
1911	720,402.41	43,224.14	201,750.52	965,377.07
1912	965,377.07	57,922.62	307,780.28	1,331,079.97
1913	1,331,079.97	79,864.80	498,545.15	1,909,489.92
1914	1,909,489.92	114,569.40	516,311.16	2,540,370.48
35225 1915	2,540,370.48	152,422.23	271,650.46	2,964,443.17
1916	2,964,443.17	177,866.59	241,944.14	3,384,253.90
1917	3,384,253.90	203,055.23	234,912.27	3,822,221.40
1918	3,822,221.40	229,333.28	32,640.98	4,084,195.66
Total		$1,110,467.16	$2,973,728.50	

This means that the reserves for renewals and for contingencies, with their accumulated earnings, were adding more and more to the Surplus Account each year. That these reserves were really earning six per cent at least may be seen from the balance sheet Statement number 11 and the Income and Surplus Account, Statement number 12. How the surplus has steadily grown larger year by year is easily observed from this last mentioned statement.

35226 p. 43

35227

By the year 1918 the company was accumulating a surplus, after paying interest and the dividend, at the rate of $680,000. The following is prepared from the figures given in Statement number 12:

Net Operating Income	$1,254,904.26
Interest and Dividends received	394,513.52
Gross Income	1,649,417.78
Interest on Funded and Unfunded Debt	365,000.00
Net Income	1,284,417.78
Dividend at 6 per cent	600,000.00
Surplus for Year	$ 684,417.78

35228

What the net income is for the year 1919 I am unable to state at the date of this writing, but I may assume for the present that it will not be less than the amount above shown for the year 1918, judging from the return received from the Consolidated Gas Company for the eight months of 1919. That is to say there is at least $1,285,000.00 net income out of which there is to be paid the dividend on the stock.

35229

There appears to be no good reason why the Consolidated Gas Company should continue to pay for gas to the Astoria Company on this basis for the future. The policy of building up sound reserves as rapidly as possible is doubtless to be commended, but it is not one which can be pursued indefinitely with justice to the consumer.

I have explained the sources from which this net income is being derived and how not less than $230,000 a year is to be ascribed to the renewal and contingency reserves. Under the present system this

net income must inevitably continue to increase. With these considerations in mind I respectfully suggest for the consideration of the Master that the rate of return payable by the Consolidated Gas Company to its Subsidiary, the Astoria Light, Heat and Power Company be reduced from seven per cent per annum to six per cent per annum in fixing the reasonable price to be paid for gas purchased from the Astoria Company.

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I can now state the price to the Consolidated Gas Company for gas at Astoria for the year 1918 and the eight months ended August 31, 1919, as found in this report, return on investment being computed at six per cent comparing the adjusted figures with the price actually paid:

	Year 1918			Eight Months 1919		
	Adjusted	Actual	Difference	Adjusted	Actual	Difference
Cost of Gas Delivered	$0.46550	0.40884	0.03334	0.54832	0.57523	0.02691
Return on Investment	0.10569	0.12331	0.01762	0.08600	0.12877	0.04277
Total	$0.57119	0.62215	0.05096	0.63432	0.70400	0.06968

The adjusted cost for return on investment for the year 1918 is found by taking the actual return paid on the basis of seven per cent and converting it to six per cent. The return for the eight months of 1919 is computed on the basis of 12,000,000 M. cubic feet of sales for the year and the average investment including working capital given in the table on page 40 at six per cent instead of seven per cent. The cost for gas delivered is given on page 37.

35233

For the information of the Master I append a statement of the return for the years 1918 and 1919 taken as the basis of the cents cost per M. cubic feet used in the foregoing table.

	Year 1918	Year 1919
Return on Investment	$1,019,450.00	$1,032,000.00

There are appended to this report a series of statements, numbers 11 to 25, which contain all the information which I have used in connection with this section of the report (11 Return on Investment). 35234
Number 11 is the Balance Sheet for the period, 1907 to 1918; number 12 is the Income and Surplus Account for the same period; numbers 13 to 17 and number 25 are supporting the items in number 12; numbers 18 to 20 are supporting the items in number 13; numbers 21 to 23 are summaries of the renewal and contingency reserves; and number 24 is a summary of gas made, sent out, sales, etc., for the period. 10.45

Respectfully,
ANDREW SANGSTER,
Chartered Accountant.

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ASTORIA LIGHT, HEAT AND POWER COMPANY

Statement of Operating Revenue, Expenses and, Net Income for Year 1918, and First Eight Months of 1919.

	Year 1918		Eight Months	
	M. Cu. Ft.	Amount	M. Cu. Ft.	
OPERATING REVENUE:				
Sales to Consolidated Gas Company—Cost		$4,811,664.53		4
Return		1,189,359.17		
Total	9,645,584.4	6,001,023.70	7,118,510.5	5,
Sales to U. S. Government	80,823.3	64,658.64	967.9	
Sales to Other Consumers	261.9	209.52	176.5	
Total Sales of Gas	9,726,669.6	6,065,891.86	7,119,654.9	5,
Rent of Gas Appliances		7.00		
Other Miscellaneous Revenue		49,412.97		
Total Operating Revenue		6,115,311.83		5,
OPERATING EXPENSES:				
Cost of Production		3,745,971.13		3,
General Expenses		159,835.46		
Taxes		596,084.05		4
Renewals and Replacements		48,633.35		
Use of Distributing System:				
Astoria Tunnel, E. River Gas Company	$379,190.73		$238,009.12	
Ravenswood Tunnel, E. River Gas Company	51,172.80		32,172.00	
48" and 60" Mains, E. River Gas Company	61,730.00		38,809.65	
48" Harlem River Main, Standard Gas Light Co.	14,468.12	506,561.65	9,096.02	3
		5,057,085.64		4,
Inventory Adjustments and Duplicate Charges, Cr.		196,678.07		
Total Operating Expenses		4,860,407.57		4,
Net Operating Income		$1,254,904.26		9

ER COMPANY

s and Net In-
nths of 1919.

No. 1

	Eight Months 1919		Year 1918	Eight Months 1919	
	M. Cu. Ft.	Amount			
3		4,094,774.70	.49884	.57523	
7		916,684.55	.12331	.12877	
0	7,118,510.5	5,011,459.25	.62215	.70400	35240
4	967.9	774.32	.80000	.80000	
2	176.5	141.20	.80000	.80000	
6	7,119,654.9	5,012,374.77	.62364	.70402	
0		—	—	—	
7		33,300.76	.00508	.00468	
3		5,045,675.53	.62872	.70870	
3		3,307,570.92	.38513	.46457	
6		81,872.59	.01643	.01150	35241
5		436,434.85	.06128	.06130	
5		35,598.28	.00500	.00500	
	$238,009.12				
	32,172.00				
	38,809.65				
5	9,096.02	318,086.79	.05208	.04468	
4		4,179,563.43	.51992	.58705	
7		89,630.77	.02022	.01259	
		4,089,932.66	.49970	.57446	
6		955,742.87	.12902	.13424	

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ASTORIA LIGHT, HEAT AND POWER COMPANY

Cost of Production—Coal and Water Gas, Year 1918, and First Eight Months of 1919.

No. 2

	1918			1919 (Eight Months)	
	Coal Gas	Water Gas	Total	Coal Gas	Water Gas
Labor	$ 236,597.38	184,329.79	420,927.17	222,615.04	122,028.29
Coal Carbonized	1,420,809.35	—	1,420,809.35	1,644,162.07	—
Bench Fuel—Coke	187,850.34	—	187,850.34	159,437.85	—
Generator Fuel	—	671,645.88	671,645.88	—	437,107.23
35243 Boiler Fuel	115,739.20	261,688.99	377,428.19	53,910.71	134,725.09
Enrichment	118,932.36	—	118,932.36	145,041.83	—
Gas Oil	—	1,966,679.24	1,966,679.24	—	1,355,197.68
Other Material and Supplies	38,481.57	34,128.41	72,609.98	33,194.41	24,451.82
Miscellaneous Works Expense	71,125.53	39,328.25	110,453.78	54,829.02	25,643.52
Total Labor and Material	2,189,535.73	3,157,800.56	5,347,336.29	2,313,190.93	2,099,153.63
Residuals and Light Oils	1,755,299.41	447,462.95	2,202,762.36	1,466,673.57	152,154.40
Net Cost—Labor and Material	$ 434,236.32	2,710,337.61	3,144,573.93	846,517.36	1,946,999.23
35244 Net Cost—Coal and Water Gas					
Electric Power House Operation including Repairs			90,559.25		
Station Distribution			459.55		
Repairs at Works, excluding Electric Power House			500,941.94		
Mess Hall Expense			9,436.46		
Total Cost of Production			$3,745,971.13		
M. cu. ft. Manufactured	3,068,077	6,670,274	9,738,351	2,943,153	4,184,849

Months)		1918		1919 (Eight Months)	
Gas	Total	Coal Gas	Water Gas	Coal Gas	Water Gas
28.29	344,643.33	.07712	.02763	.07564	.02916
—	1,644,162.07	.46309	—	.55864	—
—	159,437.85	.06123	—	.05417	—
07.23	437,107.23	—	.10069	—	.10445
25.09	188,635.80	.03772	.03923	.01832	.03229
—	145,041.83	.03877	—	.04928	—
07.68	1,355,197.68	—	.29484	—	.32383
51.82	57,646.23	.01254	.00512	.01128	.00584
43.52	80,472.54	.02318	.00590	.01863	.00613
63.63	4,412,344.56	.71365	.47341	.78596	.50161
54.40	1,618,827.97	.57212	.06708	.49833	.03636
09.23	2,793,516.59	.14153	.40633	.28763	.46525

	Coal and Water Gas	Coal and Water Gas
	.32291	.39191
56,698.58	.00930	.00795
372.36	.00004	.00005
445,941.21	.05144	.06256
11,042.18	.00097	.00155
3,307,570.92	.38466	.46402

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ASTORIA LIGHT, HEAT AND PO

Coal Gas Production Cost—Labor and
Works Repair and Electric Power Pl
1918 and First Eight Months of 1919.

No. 3

	1918			
	Plant A	Plant B	Total	Pl
LABOR:				
Superintendence	$ 17,228.45	15,958.47	33,186.92	11
Retort House	97,051.60	55,802.67	152,854.27	99
Boiler House	19,004.28	11,809.71	30,813.99	13
Purification	12,692.87	7,049.33	19,742.20	11
Total Labor	145,977.20	90,620.18	236,597.38	136
Coal Carbonized	879,585.77	541,223.58	1,420,809.35	1,034
Bench Fuel—Coke	113,823.10	74,027.24	187,850.34	91
Boiler Fuel—Coal	33,539.35	20,609.05	54,148.40	2
—Coke	33,072.73	28,518.07	61,590.80	28
Enrichment	—	118,932.36	118,932.36	49
Other Materials and Supplies	19,913.03	18,568.54	38,481.57	18
Miscellaneous Works Expense	38,000.56	33,124.97	71,125.53	27
Total Labor and Material Carried Forward	$1,263,911.74	925,623.99	2,189,535.73	1,389

nths)		Per M. cu. ft. of Gas Made						
		1918			1919 (Eight Months)			
	Total	Plant A	Plant B	Total	Plant A	Plant B	Total	
3	21,778.03	.03909	.01361	.01082	.00599	.00980	.00740	
5	158,656.14	.05121	.04757	.04982	.05386	.05398	.05391	
0	22,085.07	.01003	.01007	.01004	.00735	.00777	.00750	.246
4	20,095.80	.00670	.00601	.00644	.00644	.00748	.00685	
2	222,615.04	.07703	.07726	.07712	.07364	.07903	.07564	
1	1,644,162.07	.46413	.46142	.46309	.55805	.55963	.55864	
2	159,437.85	.06006	.06311	.06123	.04939	.06230	.05417	
7	4,337.92	.01770	.01757	.01765	.00160	.00125	.00148	
3	49,572.79	.01745	.02431	.02007	.01549	.01915	.01683	
3	145,041.83	—	.10140	.03877	.02673	.08760	.04923	
9	33,194.41	.01051	.01583	.01254	.00993	.01356	.01128	
0	54,829.02	.02005	.02824	.02318	.01487	.02502	.01863	
7	2,313,190.93	.66693	.78914	.71365	.74972	.84754	.78596	35247

ASTORIA LIGHT, HEAT AND POWER COMPANY

Statistical Data of Manufacturing Materials for Year 1918 and Eight Months of 1919.

PLANT A

		Year 1918			Per M. cu. ft.			
		Quantity	Average Price	Amount	Quantity	Cost per M.	Quantity	Average Price
MATERIALS USED:								
Coal Carbonized:								
Bituminous Coal	Tons	175,694.81	$4.84746	851,674.36	207.667	.44940	174,977.55	5.71766
Cost of Handling			.15886	27,911.41		.01473		.19408
			5.00632	879,585.77		.46413		5.91174
Bench Fuel: Coke	Loads	26,781.91	4.25	113,823.10	21.198	.06906	21,532.69	4.25
Boiler Fuel:								
Bituminous Coal	Tons	504.93	4.79746	2,422.38	0.597	.00128	30.74	5.7259
Cost of Handling			.17630	89.01		.00005		.1686
Steam Coal	Tons	5,210.31	5.38815	28,073.95	6.159	.01481	441.52	6.33145
Cost of Handling			.10726	558.85		.00029	—	—
Anthracite Coal	Tons	397.16	5.93465	2,357.00	0.469	.00124	—	—
Cost of Handling			.09610	38.16		.00002		—
Total Coal	Tons	6,112.40	5.48710	33,539.35	7.225	.01769	472.26	6.3030
Coke	Loads	1,795.97	4.25	7,632.88	1.421	.00403	—	—
Breeze	Loads	6,170.58	3.95	24,373.80	6.512	.01286	7,079.17	3.95
Cost of Handling			—	1,066.05		.00056		.1041
Total Coke	Loads	7,966.55	4.15145	33,072.73	7.933	.01745	7,079.17	4.0541

(Continued)

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Page Two

ASTORIA LIGHT, HEAT AND POWER COMPANY

Coal Gas Production Cost—Labor and Material, excluding Works Repair and Electric Power Plant Expense. Year 1918 and First Eight Months of 1919.

	1918			1919 (Eight Months)	
	Plant A	Plant B	Total	Plant A	Plant B
Total Labor and Material Brought Forward	$1,263,911.74	925,623.99	2,189,535.73	1,389,134.76	924,056.17
35249					
RESIDUALS AND LIGHT OILS:					
Coke	772,544.19	477,745.45	1,250,289.64	737,286.39	433,166.96
Tar	97,443.08	55,051.30	152,494.38	99,699.51	52,696.56
Ammoniacal Liquor	68,171.08	40,620.66	108,791.74	76,131.77	44,551.98
Cyanogen	149,208.96	116,124.21	265,333.17	68,714.59	39,380.20
Ammonia	8,043.57	6,249.45	14,293.02	6,565.80	3,795.48
Carbon	495.56	240.00	735.56	647.78	352.92
Ammonia Sulphate	35,173.37	27,488.08	62,661.45	20,143.37	11,506.36
Spent Oxide	74.90*	36.18*	111.08*	—	—
	1,131,004.91	723,482.97	1,854,487.88	1,009,189.21	585,450.46
35250					
Residuals Expense	77,893.59	58,767.66	136,661.25	80,947.79	49,095.03
Net Residuals	1,053,111.32	664,715.31	1,717,826.63	928,241.42	536,355.43
Light Oils, etc.	23,828.46	13,644.32	37,472.78	1,397.59	679.13
Total Residuals and Light Oils	1,076,939.78	678,359.63	1,755,299.41	929,639.01	537,034.56
Net Cost—Labor and Material	$ 186,971.96	247,264.36	434,236.32	459,495.75	387,021.61
M. cu. ft. Manufactured	1,895,126	1,172,951	3,068,077	1,852,877	1,090,276

* Denotes Deduction

		Per M. cu. ft. of Gas Made					
[onths)		1918			1919 (Eight Months)		
B	Total	Plant A	Plant B	Total	Plant A	Plant B	Total
17	2,313,190.93	.66693	.78914	.71365	.74972	.84754	.78596
96	1,170,453.35	.40765	.40730	.40752	.39791	.39730	.39769
56	152,396.07	.05142	.04693	.04970	.05381	.04833	.05178
98	120,683.75	.03597	.03463	.03546	.04109	.04086	.04100
20	108,094.79	.07873	.09900	.08648	.03709	.03612	.03673
48	10,361.28	.00424	.00533	.00466	.00354	.00348	.00352
92	1,000.70	.00026	.00020	.00024	.00035	.00033	.00034
36	31,649.73	.01856	.02344	.02042	.01087	.01055	.01075
	—	.00003*	.00003*	.00003*	—	—	—
46	1,594,639.67	.59680	.61680	.60445	.54466	.53697	.54181
03	130,042.82	.04110	.05010	.04454	.04369	.04503	.04418
43	1,464,596.85	.55570	.56670	.55991	.50097	.49194	.49763
13	2,076.72	.01257	.01163	.01221	.00076	.00062	.00070
56	1,466,673.57	.56827	.57833	.57212	.50173	.49256	.49833
61	846,517.36	.09866	.21081	.14153	.24799	.35498	.28763
	2,943,153						

ASTORIA LIGHT, HEAT AND POWER COMPANY

Statistical Data of Manufacturing Materials for Year 1918 and Eight Months of 1919.

PLANT A

		Year 1918			Per M. cu. ft.				Eigh
		Quantity	Average Price	Amount	Quantity	Cost per M.	Quantity	Average Price	An
MATERIALS USED:									
Coal Carbonized:									
Bituminous Coal	Tons	175,694.81	$4.84746	851,674.36	2207.667	.44940	174,977.55	5.71766	1,00
Cost of Handling			.15886	27,911.41		.01473		.19408	3
			5.00632	879,585.77		.46413		5.91174	1,03
Bench Fuel: Coke	Loads	26,781.91	4.25	113,823.10	21.198	.06906	21,532.69	4.25	91
Boiler Fuel:									
Bituminous Coal	Tons	504.93	4.79746	2,422.38	0.597	.00128	30.74	5.7259	
Cost of Handling			.17630	89.01		.00005		.1686	
Steam Coal	Tons	5,210.31	5.38815	28,073.95	6.159	.01481	441.52	6.33145	2
Cost of Handling			.10726	558.85		.00029	—	—	
Anthracite Coal	Tons	397.16	5.93465	2,357.00	0.469	.00124	—	—	
Cost of Handling			.09610	38.16		.00002		—	
Total Coal	Tons	6,112.40	5.48710	33,539.35	7.225	.01769	472.26	6.3030	2
Coke	Loads	1,795.97	4.25	7,632.88	1.421	.00403	—	—	
Breeze	Loads	6,170.58	3.95	24,373.80	6.512	.01286	7,079.17	3.95	27
Cost of Handling			—	1,066.05		.00056		.1041	
Total Coke	Loads	7,966.55	4.15145	33,072.73	7.933	.01745	7,079.17	4.0541	28

(Continued)

AND POWER

Materials for Year of 1919.

Quantity	Average Price	Amount	Quantity	Per M. cu. ft. Cost per M.
		Eight Months of 1919		
174,977.55	5.71766	1,000,046.36	2211.536	.5397
	.19408	33,959.50		.0183
	5.91174	1,034,005.86		.5580
21,532.69	4.25	91,513.93	17.432	.0493
30.74	5.7259	176.01	.037	.00009
	.1686	5.18		.00001
441.52	6.33145	2,795.46	.534	.0015
—	—	—		—
—	—	—	—	—
	—	—		—
472.26	6.3030	2,976.65	.571	.00160
—	—	—	—	—
7,079.17	3.95	27,962.72	7.641	.01509
	.1041	736.34		.00040
7,079.17	4.0541	28,699.06	7.641	.01549

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Page Two

ASTORIA LIGHT, HEAT AND POWER COMPANY

Statistical Data of Manufacturing Materials for Year 1918 and Eight Months of 1919.

PLANT A

(Continued)

Year 1918

					Per M. cu. ft.		
		Quantity	Average Price	Amount	Quantity	Cost per M.	Quantity
RESIDUALS PRODUCED:							
Coke	Loads	175,694.81	$4.39708	772,544.19	2139.063	.40765	174,977.55
Tar	Gallons	2,440,763.	.03992	97,443.08	1.288	.05142	2,319,396.
Ammoniacal Liquor	Gallons	5,462,119.	.01248	68,171.08	2.882	.03597	5,695,601.
Cyanogen	Pounds	1,066,694.	.13988	149,208.96	.5628	.07873	886,543.
Ammonia	Pounds	67,328.	.11947	8,043.57	.0355	.00424	54,715.
Carbon	Pounds	48,000.	.01032	495.56	.025	.00026	32,000.
Ammonia Sulphate	Pounds	592,796.	.05933	35,173.37	.3128	.01856	462,025.
Spent Oxide		—	—	74.90*	—	.00004*	—
Total Residuals Produced				$1,131,004.91		.59679	
M. cu. ft. Manufactured		1,895,126.					1,852,877.

* Denotes Deduction.

Page Two

IGHT, HEAT AND POWER COMPANY

f Manufacturing Materials for Year
id Eight Months of 1919.

PLANT A

Year 1918				Eight Months of 1919		
Per M. cu. ft.					Per M. cu. ft.	
Quantity	Cost per M.	Quantity	Average Price	Amount	Quantity	Cost per M.
$139,063	.40765	174,977.55	4.21360	737,286.39	141.653	.30792
1.288	.05142	2,319,396.	.04298	99,699.51	1.252	.05381
2.882	.03597	5,695,601.	.01336	76,131.77	3.0755	.04109
.5628	.07873	886,543.	.07751	68,714.59	.4784	.03708
.0355	.00424	54,715.	.12	6,565.80	.0295	.00354
.025	.00026	32,000.	.02024	647.78	.0173	.00035
.3128	.01856	462,025.	.04360	20,143.37	.2494	.01087
—	.00004*	—	—	—	—	—
	.59679			$1,009,189.21		.54466
		1,852,877.				

ASTORIA LIGHT, HEAT AND POWER COMPANY

Statistical Data of Manufacturing for Year 1918 and Eight Months of 1919.

PLANT B

Year 1918

No. 5

		Quantity	Average Price	Amount	Per M. cu. ft. Quantity	Per M. cu. ft. Cost per M.	Quantity	Av P
MATERIALS USED:								
Coal Carbonized:								
Bituminous Coal	Tons	109,772.19	$4.7740	524,047.34	209.633	.44677	103,282.30	$5.7
Cost of Handling			.1565	17,176.24		.01465		.1
			4.9305	541,223.58		.46142		5.9
Bench Fuel: Coke	Loads	17,419.97	4.25	74,027.51	22.277	.06311	15,982.10	4.2
Boiler Fuel:								
Bituminous Coal	Tons	272.21	4.6818	1,274.43	0.520	.00109	14.01	5.7
Cost of Handling			.1787	48.66		.00004		.1
Steam Coal	Tons	3,218.75	5.3499	17,221.23	6.147	.01468	202.01	6.3
Cost of Handling			.1145	368.59		.00032		—
Anthracite Coal	Tons	281.35	5.9317	1,668.88	0.537	.00142	—	—
Cost of Handling			.0969	27.26		.00002		—
Total Coal	Tons	3,772.31	5.4632	20,609.05	7.204	.01757	216.02	6.30
Coke	Loads	1,197.03	4.25	5,087.37	1.531	.00434	—	—
Breeze	Loads	5,767.42	3.95	22,781.31	9.834	.01942	5,174.83	3.95
Cost of Handling			.09324	649.39		.00055		.08
Total Coke	Loads	6,964.45	$4.0948	28,518.07	11.365	.02431	5,174.83	$4.03

(Continued)

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HEAT AND POWER
ANY
LIGHT
Covering for Year 1918 and
of 1919.
of Man
and Fig. B

35258

35259

Year cu. ft. Cost Per per M.	Quantity	Average Price	Amount	First Eight Months 1919 Per M. cu. ft. Quantity	Cost per M.
Quant					
.44677	103,282.30	85.7146	590,214.69	212.196	.54134
$139 .01465		.1931	19,941.52		.01829
1.					
.46142		5.9077	610,156.21		.55963
2.8					
.06311	15,982.10	4.25	67,923.92	21.988	.06230
.0					
.0					
.00109	14.01	5.7257	80.22	.029	.00008
.00004		.1686	2.36		.00000
.01468	202.01	6.3298	1,278.69	.415	.00117
.00032		—	—		—
.00142	—	—	—	—	—
.00002		—	—		—
.01757	216.02	6.3016	1,361.27	.444	.00125
.00434	—	—	—	—	—
.01942	5,174.83	3.95	20,440.58	9.492	.01875
.00055		.0837	433.15		.00040
.02431	5,174.83	84.0337	20,873.73	9.492	.01915

Page Two

ASTORIA LIGHT, HEAT AND POWER COMPANY

Statistical Data of Manufacturing for Year 1918 and First Eight Months of 1919.

PLANT B

Continued:

		Year 1918							First Eight Mo
		Quantity	Average Price	Amount	Per M. cu. ft. Quantity	Cost Per M.	Quantity	Average Price	Amount
RESIDUALS PRODUCED:									
Coke	Loads	109,772.19	$4.35215	477,745.45	2140.380	.40730	103,282.30	4.194	433,166.96
Tar	Gallons	1,344,262.	.04095	55,051.30	1.146	.04693	1,199,665.	.04393	52,696.56
Ammoniacal Liquor	Gallons	3,924,881.	.01035	40,620.66	3.346	.03463	3,758,688.	.01185	44,551.98
Cyanogen	Pounds	801,149.	.14495	116,124.21	.683	.09900	516,108.	.07630	39,380.20
Ammonia	Pounds	50,864.	.12287	6,249.45	.0434	.00533	31,629.	.12	3,795.48
Carbon	Pounds	24,000.	.01	240.00	.020	.00020	16,000.	.02206	352.92
Ammonia Sulphate	Pounds	439,450.	.06255	27,488.08	.3747	.02344	279,483.	.04117	11,506.36
Spent Oxide		—	—	36.18*	—	.00003*	—	—	—
Total Residuals Produced				$723,482.97		.61680			$585,450.46
M cu. ft. Manufactured		1,172,951.					1,090,276.		

*Denotes Deduction

Page Two

A LIGHT, HEAT AND POWER COMPANY

ta of Manufacturing for Year 1918 and irst Eight Months of 1919.

PLANT B

Year 1918			First Eight Months 1919				
Per M. cu. ft. Quantity	Cost Per M.	Quantity	Average Price	Amount	Per M. cu. ft. Quantity	Cost Per M.	
45 $140.380	.40730	103,282.30	4.194	433,166.96	$142.095	.39730	
30 1.146	.04693	1,199,665.	.04393	52,696.56	1.100	.04833	
56 3.346	.03463	3,758,688.	.01185	44,551.98	3.448	.04086	
21 .683	.09900	516,108.	.07630	39,380.20	4.733	.03612	
45 .0434	.00533	31,629.	.12	3,795.48	.029	.00348	
00 .020	.00020	16,000.	.02206	352.92	.0145	.00032	
08 .3747	.02344	279,483.	.04117	11,506.36	.2565	.01056	
18* —	.00003*	—	—	—	—	—	
97	.61680			8585,450.46		.53697	
		1,090,276.					

ASTORIA LIGHT, HEAT AND POWER COMPANY

Water Gas Production Cost—Labor and Material, excluding Works Repairs and Electric Power Plant Expense. For Year 1918 and First Eight Months of 1919.

No. 6

	Year 1918	Eight Months 1919	Per M. cu ft. Year 1918
Labor:			
Superintendence	$ 21,109.34	16,402.54	.00316
Generator House	117,204.40	73,574.28	.01757
Boiler House	37,941.54	27,640.33	.00569
Purification	8,074.51	4,411.14	.00121
Total Labor	184,329.79	122,028.20	.02763
Generator Fuel—Coal	118,280.41	5,292.03	.01773
Coke	553,365.47	431,815.20	.08296
Boiler Fuel —Coal	32,169.03	6,292.61	.00482
Coke	52,167.66	18,964.32	.00782
Oil Tar	176,085.62	109,468.16	.02640
Crude Still Residue	1,266.68	—	.00019
Gas Oil	1,966,679.24	1,355,197.68	.29484
Other Materials and Supplies	34,128.41	24,451.82	.00512
Miscellaneous Works Expense	39,328.25	25,643.52	.00590
Total Labor and Material	3,157,800.56	2,099,153.63	.47341
Residuals and Light Oils:			
Oil Tar	294,401.36	138,306.40	.04414
Drip Oil	60,192.06	10,710.02	.00902
Total Residuals	354,593.42	149,016.42	.05316
Light Oils, etc.	92,869.53	3,137.98	.01392
Total Residuals and Light Oils	447,462.95	152,154.40	.06708
Net Cost—Labor and Material	$2,710,337.61	1,946,999.23	.40633
M. Cu. Ft. Manufactured	6,670,274	4,184,849	

Per M. cu ft. Gas Made

Year 1918	Eight Months 1919	
.00316	.00392	
.01757	.01758	35264
.00569	.00661	
.00121	.00105	
.02763	.02916	
.01773	.00126	
.08296	.10319	
.00482	.00151	
.00782	.00453	
.02640	.02616	
.00019	—	
.29484	.32383	
.00512	.00584	
.00590	.00613	35265
.47341	.50161	
.04414	.03305	
.00902	.00256	
.05316	.03561	
.01392	.00075	
.06708	.03636	
.40633	.46525	

35266 ASTORIA LIGHT, HEAT AND POWER CO.

Statistical Data of Manufacturing Materi
Year 1918 and Eight Months of 1919.

No. 7

PLANT C
Year 1918

Materials Used:		Quantity	Average Price	Amount	Per M. cu. ft. Quantity	Per M. cu. ft. Cost Per M.
Generator Fuel:						
Anthracite Coal	Tons	18,750.10	$6.18567	115,981.91	= 6.297	.01739
Cost of Handling			.12259	2,298.50		.00034
35267			6.30826	118,280.41		.01773
Coke	Loads	128,959.23	4.25	548,076.72	29.000	.08217
Cost of Handling			.04101	5,288.75		.00079
			4.29101	553,365.47		.06296
Boiler Fuel:						
Bituminous Coal	Tons	648.66	4.75999	3,087.61	.218	.00046
Steam Coal	Tons	4,405.75	5.72488	25,222.40	1.479	.00378
Anthracite Coal	Tons	439.39	5.88817	2,587.20	.148	.00039
		5,493.80	5.62401	30,897.21		.00463
Cost of Handling			.23150	1,271.62		.00019
35268						
Total Coal	Tons	5,493.80	5.85551	32,169.03		.00482
Coke	Loads	3,421.00	4.25	14,539.25	.769	.00218
Breeze	Loads	9,244.00	3.95	36,513.80	2.772	.00547
Cost of Handling			.088	1,114.61		.00017
Total Coke	Loads	12,665.00	4.119	52,167.66		.00782
Oil Tar	Gallons	2,934,757.	.06	176,085.62	0.440	.02640
Gas Oil	Gallons	30,442,154.	.06460	1,966,679.24	4.564	.29484
Residuals Produced:						
Oil Tar	Gallons	4,791,655.	.06144	294,401.36	.7184	.04414
Drip Oil	Gallons	533,368.	.11264	60,192.06	.0801	.00902
Total Residuals Produced				$ 354,593.42		.05316
M. cu. ft. Manufactured		6,670,274.				

AND POWER COMPANY

lanufacturing Materials for
ight Months of 1919.

EXT C
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Per M. cu. ft. ntity	Cost Per M.	First Eight Months 1919 Quantity	Average Price	Amount	Per M. cu. ft. Quantity	Cost Per M.
297	.01739	775.45	6.71293	5,205.54	.415	.00124
	.00034		.11154	86.49		.00002
	.01773		6.02447	5,292.03		.00126
300	.08217	100,470.47	4.25	426,999.51	36.012	.10203
	.00079		.04793	4,815.69		.00115
	.09296		4.29793	431,815.20		.10318
218	.00046	47.01	5.72567	269.16	.025	.00006
479	.00378	726.92	6.27563	4,561.88	.389	.00109
148	.00039	142.46	6.7127	956.30	.076	.00023
	.00463	916.39	6.31537	5,787.34		.00138
	.00019		.55137	505.27		.00012
	.00482	916.39	6.86674	6,292.61		.00150
69	.00218	—	—	—	—	—
72	.00547	4,638.00	3.95	18,320.10	2.216	.00438
	.00017		.1389	644.22		.00015
	.00782	4,638.00	4.0889	18,964.32		.00453
40	.02640	2,736,704	.04	109,468.16	0.654	.02616
64	29.484	19,861,888	.06823	1,355,197.68	4.7461	.32383
184	.04414	3,559,213	.03886	138,306.40	.8505	.03305
801	.00902	187,895	.057	10,710.02	.045	.00256
	.05316			149,016.42		.03561

ASTORIA LIGHT, HEAT AND POWER COMPANY

Statement of General Office and other General Expenses. For Year 1918 and First Eight Months of 1919.

No. 8

	Year 1918	Eight Months 1919	Per M. cu. ft. Gas Sold Year 1918	Eight Months 1919
Officers' Salaries	$ 5,358.08	3,346.00	.00055	.00047
Directors' Fees	2,850.00	2,280.00	.00029	.00032
Salaries—Accounting Department	9,005.14	9,782.60	.00093	.00137
Purchasing Department	268.75	—	.00003	—
Cashiers and Paymasters	1,684.63	1,114.64	.00017	.00016
Stationery and Printing	1,468.51	891.88	.00015	.00013
Supplies and Expenses	28,939.33	6,863.43	.00297	.00096
Defensive Emergency Service	52,794.21	3,771.22	.00543	.00053
Total General Office Expense	102,368.65	28,049.77	.01052	.00394
Accidents and Damages—Employees	4,866.56	4,376.68	.00050	.00061
Vacations and Sickness	2,921.79	3,462.93	.00030	.00049
Contributions to G. E. M. A. S.	6,830.60	4,581.19	.00070	.00064
Legal Expense	7,185.11	3,383.31	.00074	.00048
Insurance—Fire	22,138.35	15,335.59	.00228	.00215
Accident	11,046.10	20,940.53	.00114	.00294
Other	2,230.72	898.59	.00023	.00013
Superannuation	—	427.00	—	.00006
Automobile Expense	247.58	417.00	.00002	.00006
Total Other Expense	57,466.81	53,822.82	.00591	.00756
Total	$159,835.46	81,872.59	.01643	.01150

ASTORIA LIGHT, HEAT AND POWER COMPANY

Prices of Bituminous Coal Purchased for Year 1918 and Eight Months Ended August 31, 1919.

No. 9

Kind of Coal	Period From	Period To	Price Per Ton F. O. B.		Freight Per Ton	Lighterage Per Ton	Wa
Consolidated Gas Company (Jamieson Coke and Coal Company) Farmington	Jan. 1918	Dec. 1918	—		—	—	
Consolidated Gas Company (Jamieson Coke and Coal Company) "	Jan. 1919	Aug. 1919	—		—	—	

*This was a pro-forma price on coal obtained from Government Pools, the price being adjuste entire tonnage to $5.354233 in August 1919.

Westmoreland Coal Company	Westmoreland	Jan. 1918	Apr. 1918	2.02	f. o. b. mine		1.90	.31	.0
" " "	"	Apr. 1918	June 1918	3.024	"	"	1.90	.45	.0
" " "	"	June 1918	July 1918	2.912	"	"	1.90	.45	.0
" " "	"	July 1918	Dec. 1918	2.912	"	"	2.40	.55	.0
" " "	"	Jan. 1919	Apr. 1919	2.912	"	"	2.40	.55	.0
" " "	"	May 1919	Aug. 1919	2.912	"	"	2.40	.50	.0
Consolidation Coal Company	Fairmont	Jan. 1918	Mar. 1918	3.729	alongside				.0
" " "	"	May 1918	June 1918	4.812	Port				.0
" " "	"	May 1918	May 1918	4.924	"				.0
" " "	"	May 1916	June 1918	5.092	"				.0

(1) Lighterage on a certain portion of tonnage received in these months was charged to Coa

" " "	Fairmont	June 1918	July 1918	4.70	Port		.45	.0
" " "	"	June 1918	July 1918	4.98	"		.45	.0
		July 1918	Dec. 1918	5.20	"		.45	.0
		Jan. 1919	May 1919	5.20	"		.45	.0
		Apr. 1919	May 1919	5.384	"		.45	.0
		July 1919	Aug. 1919	5.032	"		.49	.0
		July 1919	Aug. 1919	5.312	"		.49	.0

Freight to Ports St. George and Reading on Fairmont coal was $1.90 per ton from January 1918, and $2.40 per ton thereafter.

J. H. Weaver & Company	Rosemont	June 1918	Aug. 1918	The average price per ton delivered was $4.4899 chased during this period.
Pittsburgh Coal Company	Ocean	Jan. 1918	Jan. 1918	Price, alongside including all charges
		Jan. 1918	June 1918	" " " "
		July 1918	Sept. 1918	" " " "
		Jan. 1919	Aug. 1919	" " " "

Page Two

ASTORIA LIGHT, HEAT AND POWER COMPANY

Prices of Bituminous Coal Purchased for Year 1918 and Eight Months Ended August 31, 1919.

Kind of Coal	Period From	Period To	Price		
West Virginia	Sept. 1918	Sept. 1918	$4.75*		
Ocean-Westmoreland	Jan. 1918	Apr. 1918	6.785	f. o. b. Port	$6.8
	Apr. 1918	May 1918	3.024	" Mines	5.4
	May 1918	May 1918	3.024	" "	5.4
	June 1918	June 1918	2.912	" "	5.3
	July 1918	Sept. 1918	2.912	" "	5.8
	Sept. 1918	Dec. 1918	2.912	" "	5.9
	Jan. 1919	June 1919	2.912	" "	5.9
	July 1919	Aug. 1919	—		5.9

*This price was adjusted in August, 1919, to $5.354233.

Lighterage on Ocean-Westmoreland coal from South Amboy to Astoria Dock was 1918, .45 cents in May and June, .48 cents in July and .50 cents in September, $1.90 per ton from January to April, 1918, and $2.40 per ton thereafter.

HT, HEAT AND POWER COMPANY

s Coal Purchased for Year 1918 ths Ended August 31, 1919.

	Price Per Ton F. O. B.	Freight Per Ton	Lighterage Per Ton	War Tax 6c 3%	Total Price Per Ton Delivered
918	—	—	—	—	$4.75*
919	—	—	—	—	4.75*

obtained from Government Pools, the price being adjusted for the August 1919.

1918	2.02	f. o. b. mine	1.90	.31	.066	4.296
1918	3.024	" "	1.90	.45	.0705	5.4445
1918	2.912	" "	1.90	.45	.0705	5.3325
1918	2.912	" "	2.40	.55	.089	5.951
1919	2.912	" "	2.40	.55	.089	5.951
1919	2.912	" "	2.40	.50	.087	5.899
1918	3.729	alongside			.066	3.795
1918	4.812	Port			.057	4.869 (1)
1918	4.924	"			.057	4.981 (1)
1918	5.092	"			.057	5.149 (1)

n of tonnage received in these months was charged to Coal Handling.

1918	4.70	Port	.45	.0855	5.2355
1918	4.98	"	.45	.0855	5.5515
1918	5.20	"	.45	.0855	5.7355
1919	5.20	"	.45	.0855	5.7355
1919	5.384	"	.45	.0855	5.9195
1919	5.032	"	.49	.0867	5.6087
1919	5.312	"	.49	.0867	5.8887

ading on Fairmont coal was $1.90 per ton from January to April, eafter.

1918 The average price per ton delivered was $4.4809 on coal purchased during this period.

1918	Price,	alongside	including all charges		4.041
1918	"	"	"	"	4.9685
1918	"	"	"	"	5.4835
1919	"	"	"	"	5.4835

Page Two

ASTORIA LIGHT, HEAT AND POWER COMPANY

Prices of Bituminous Coal Purchased for Year 1918 and Eight Months Ended August 31, 1919.

	Kind of Coal	Period From	Period To	Price			
Consolidated Gas Company	West Virginia	Sept. 1918	Sept. 1918	$4.75*			
	*This price was adjusted in August, 1919, to $5.354233						
Berwind White Coal Mining Co.	Ocean-Westmoreland	Jan. 1918	Apr. 1918	6.785	f. o. b.	Port	$6.872
		Apr. 1918	May 1918	3.024	"	Mines	5.442
		May 1918	May 1918	3.024	"	"	5.458
		June 1918	June 1918	2.912	"	"	5.358
		July 1918	Sept. 1918	2.912	"	"	5.892
		Sept. 1918	Dec. 1918	2.912	"	"	5.913
		Jan. 1919	June 1919	2.912	"	"	5.913
		July 1919	Aug. 1919	—			5.955

Lighterage on Ocean-Westmoreland coal from South Amboy to Astoria Dock was .43 1918, .45 cents in May and June, .48 cents in July and .50 cents in September, 19 $1.90 per ton from January to April, 1918, and $2.40 per ton thereafter.

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lased for Year 1918
ugust 31, 1919.

ust, 1919, to 85.354233

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f. o. b. Port		86.8722	alongside,	including	all	charges
"	Mines	5.4425	"	"	"	"
"	"	5.45807	"	"	"	"
"	"	5.3458	"	"	"	"
"	"	5.8032	"	"	"	"
"	"	5.91375	"	"	"	"
"	"	5.91375	"	"	"	"
		5.95505	"	"	"	"

oy to Astoria Dock was .43½ cents per ton in April, .50 cents in September, 1918. Freight to port was per ton thereafter.

35277

35278

No. 10

ASTORIA LIGHT HEAT AND POWER COMPANY

Summary of Repairs to Apparatus

(Per Thousand Cubic Feet of Gas Made.)

For the Seven Years 1912 to 1918, and Eight Months Ended August 31, 1919.

No. 10

35279

	8 Months of 1919	1918	1917	1916	1915	
Repairs to Apparatus						
Plant A	$.041490	$.081120	$.039661	$.028901	$.021709	$.(
Plant B	.182452	.109209	.070748	.037702	.031022	.(
Average Plants A and B	.093709	.091859	.054803	.032913	.025609	.(
Plants "A and B"	.007770	.007906	.004619	.005026	.003423	.(
Total Plants A and B	.101479	.099765	.059422	.037939	.029032	.(
Plant C	.016336	.016892	.013958	.009363	.008310	.(
Average Plants A, B & C	.051491	.062780	.029108	.018789	.017690	.(
General	.006936	.006746	.003084	.002871	.002870	.(
35280						
Total	$.058427	.069526	.032192	.021660	.020560	.(

No. 10

EAT AND POWER
'ANY

IRS TO APPARATUS

Feet of Gas Made.)

o 1918, and Eight Months
t 31, 1919.

7	1916	1915	1914	1913	1912
561	$.028901	$.021709	$.028972	$.029926	$.021719
748	.037702	.031022	.043215	.058513	.026675
803	.032913	.025609	.035307	.042308	.024273
510	.005026	.003423	.003270	.004305	.003451
422	.037939	.029032	.038577	.046613	.027724
958	.009363	.008310	.011360	.015711	.012277
08	.018789	.017690	.025082	.031570	.021921
84	.002871	.002870	.002914	.003642	.003388
192	.021660	.020560	.028896	.035212	.025309

No. 11

Comparati
As at December 31,

Assets	1918	1917	1916	1915	
Fixed Capital December 31, 1908	$10,911,670.51	10,912,914.41	10,924,385.49	10,948,500.21	10
Fixed Capital installed since Dec. 31, 1908	4,330,963.06	4,175,890.34	4,045,852.94	3,914,143.38	3
Total Fixed Capital	15,242,633.57	15,088,804.75	14,970,238.43	14,862,643.59	14
Materials and Supplies	1,734,092.00	797,826.98	936,479.20	669,159.13	
Accounts Receivable - Associated Companies	744,891.15	313,232.55	441,671.39	421,868.89	
Other Accounts Receivable	255,414.68	102,535.58	113,777.51	92,025.80	
Cash in Banks and on Hand	69,315.22	485,732.53	195,201.37	344,864.40	
Special Deposit with National City Company	550,000.00	2,000,000.00	1,500,000.00	1,000,000.00	
Advances to East River Gas Company, L. I. City, on account of Tunnel under East River	5,200,708.88	5,198,373.15	5,253,734.35	4,815,603.63	4
U. S. Liberty Loan Bonds, incl. accrued interest	742,941.66	-	-	-	
U. S. Liberty Loan Bonds - Employees - including interest	98,361.35	44,932.23	-	-	
Fire Insurance Participation Certificates	224,938.34	211,229.12	200,244.49	183,700.29	1
U. S. Government Gas Defense Service	1,199,178.27	151,152.94	-	-	
Suspense Accounts	464,448.48	-	15,668.54	18,551.59	
Total	$26,526,923.60	24,393,819.83	23,597,015.28	22,408,417.32	20

T. HEAT AND POWER COMPANY

parative Balance Sheet
ber 31, 1906 to 1918, Inclusive

1914	1913	1912	1911	1910	1909	1908	1907	1906
10,950,762.91	10,956,709.52	10,994,970.55	11,007,917.98	11,037,789.08	11,037,789.08	11,037,789.08	10,492,792.18	8,219,016.56
3,816,243.37	3,630,909.19	3,329,790.94	2,385,360.07	1,438,571.91	611,926.53	-	-	-
14,767,006.28	14,587,618.71	14,324,761.49	13,393,278.05	12,476,360.99	11,649,715.61	11,037,789.08	10,492,792.18	8,219,016.56
848,966.88	810,610.32	535,309.36	725,442.04	509,648.08	452,804.41	474,397.74	272,895.59	113,662.82
453,875.29	577,471.42	312,710.16	182,612.96	295,557.31	278,947.22	317,531.47	223,118.92	44,812.07
86,799.72	102,209.97	80,010.46	103,674.65	75,069.05	51,950.00	124,889.55	50,654.02	75,867.07
87,737.38	721,789.10	134,847.39	169,705.80	75,384.38	13,108.76	2,075.42	20,976.37	19,263.31
-	-	-	-	-	-	-	-	-
4,219,581.26	3,274,464.57	2,360,763.52	1,407,334.18	-	-	-	-	-
-	-	-		-	-	-	-	-
-	-	-	-	-	-	-	-	-
166,277.19	143,145.68	111,892.87	84,562.80	65,205.48	45,583.85	28,582.14	11,838.05	3,958.21
-	-	-	-	-	-	-	-	-
5,468.25	-	-	-	-	-	3,074.59	5,300.19	75,156.00
20,635,712.24	20,217,309.77	17,869,295.25	16,066,610.48	13,497,216.29	12,492,109.85	11,988,339.99	11,077,584.32	8,551,736.04

ASTORIA LIGHT, HEAT AND POWER COMPANY

Comparative Balance Sheet
As at December 31, 1906 to 1918, Inclusive

Liabilities	1918	1917	1916	1915	1914	1913	1912
Capital Stock	$10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	500,000.00	500,000.00
First Mortgage Bonds	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	5,000,000.00	375,000.00	375,000.00
Construction Advances - Consolidated Gas Company	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	500,000.00	14,807,301.79	13,707,301.79
Accounts Payable - Associated Companies	724,630.82	101,349.67	117,804.76	35,744.50	35,136.13	367,369.20	97,525.80
Other Accounts Payable	866,133.06	305,133.24	228,155.68	171,267.72	246,352.64	281,397.68	249,328.10
Liberty Loan Subscriptions Company and Employees	52,483.00	17,421.86	-	-	-	-	-
Taxes Accrued	395,139.55	204,886.40	59,362.26	43,407.48	9,000.00	35,532.56	27,707.22
Interest Accrued	68,750.00	68,750.00	68,750.00	68,750.00	68,750.00	-	-
Accrued Amortization, Contingency, and Renewals and Replacement Reserves	2,973,728.50	2,941,087.52	3,027,146.19	2,785,202.05	2,376,312.90	1,802,699.13	1,209,817.39
Casualties and Insurance Reserves	224,938.34	211,229.12	270,769.02	254,224.82	236,801.72	213,845.21	178,696.45
Suspense Accounts	-	7,259.42	-	-	-	9,612.26	6,818.37
Surplus	4,721,120.33	4,036,702.60	3,324,967.37	2,549,820.75	2,163,358.76	1,824,551.94	1,517,040.13
Total	26,526,923.60	24,393,819.83	23,597,015.28	22,408,417.32	20,635,712.24	20,217,309.77	17,869,295.25

1910	1909	1908	1907	1906
500,000.00	500,000.00	500,000.00	500,000.00	500,000.00
375,000.00	375,000.00	375,000.00	375,000.00	375,000.00
10,507,301.79	10,207,301.79	9,957,301.79	9,557,301.79	7,510,000.00
202,557.00	137,712.96	223,570.30	129,086.41	
264,263.18	110,518.49	217,790.01	225,790.81	159,684.74
-	-	-	-	-
9,023.47	2,500.00	14,418.36	8,732.04	-
-	-	-	-	-
668,193.54	466,150.20	266,646.45	107,997.77	-
65,447.57	45,583.85	28,582.14	11,838.05	3,958.21
255.13	3,217.21	-	-	-
905,174.61	644,119.26	405,021.94	161,837.45	3,093.09
13,497,216.29	12,492,103.85	11,988,339.99	11,077,584.32	8,551,736.04

ASTORIA LIGHT, HEAT A

Condensed Income and
For the Twelve Years 19

No. 12

	1918	1917	1916	1915	1
Net Operating Income	$1,254,904.26	960,759.68	1,143,376.91	1,116,365.25	1,1
Interest and Dividends received	394,513.52	385,314.99	357,956.12	29,101.86	
Accrued Amortization—Balance at credit of the Reserve Account transferred to Surplus	—	320,970.94	—	—	
Employer's Insurance Reserve—closing out account, it being established that no claims exist occurring prior to April 23, 1913 (E. R. C. Co. Construction)	—	9,689.57	—	—	
Engineering Services, etc.—5 per cent on cost of construction of Astoria Tunnel ($4,265,139.72)	—	—	213,256.99	—	
Adjustment of Interest charged Construction Expenditures during 1911 and 1912	—	—	—	—	
Difference between Book Value of Property acquired by reason of the purchase of the entire capital stock of the Citizens Mutual Gas Light Company of Long Island City, $50,000.00 and the purchased price paid, therefor $5,000.00	—	—	—	—	
Adjustment of Operating Revenues and Expenses of prior years		.05	30,083.10	44,816.85	
Total Credits to Surplus:	1,649,417.78	1,676,735.23	1,744,673.12	1,190,283.96	1,1
Charges to Surplus:					
Interest on Funded and Unfunded Debt	365,000.00	365,000.00	369,524.60	66,536.10	2
Dividends on Capital Stock	600,000.00	600,000.00	600,000.00	600,000.00	4
Total Interest and Dividends Paid—Forwarded	965,000.00	965,000.00	969,524.60	666,536.10	7

POWER COMPANY

rplus Account,
1918, Inclusive.

14	1913	1912	1911	1910	1909	1908	1907
48.64	1,093,582.96	1,013,315.97	907,373.70	891,287.34	853,482.04	804,282.50	732,219.16
37.71	6795.21	6,289.76	5,724.98	3,739.66	1,832.59	1,163.80	1,192.71
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	—	—	—	—	—	—	—
	7,660.06	—	—	—	—	—	—
	—	—	—	—	—	—	—
3.93	—	2.14	—	13.48	8,584.49	45,000.00	—
.28	1,108,038.23	1,019,607.87	913,098.68	895,040.48	863,899.12	—	—
76	696,860.29	675,105.19	613,642.42	633,982.62	624,801.80	850,446.30	733,411.87
00	—	—	—	—	—	607,261.81	571,574.42
76	696,860.29	675,105.19	613,642.42	633,982.62	624,801.80	—	—
						607,261.81	571,574.42

ASTORIA LIGHT, HEAT AND POWER COMPANY

Condensed Income and Surplus Account
For the Twelve Years 1907 to 1918, Inclusive.

	1918	1917	1916	1915	1914	1913	1912
Total Interest and Dividends Paid Brought Forward	$965,000.00	965,000.00	969,524.60	666,536.10	731,782.76	696,860.29	675,105.19
Accrued Amortization—difference between estimated (4 1/2 cents per M. cu. ft. made) and actual cost of repairs.	—	—	—	137,238.60	57,302.70	94,336.59	—
Adjustment of interest charged Consolidated Gas Co. in price of gas during 1911 and 1912, which, through over-sight, included interest on certain expenditures for projects not yet completed.	—	—	—	—	—	9,293.44	—
Adjustment of Operating Revenues and Expenses of prior years.	.05	—	1.90	47.27	—	36.10	—
Total Charges to Surplus	965,000.05	965,000.00	969,526.50	803,821.97	789,085.46	800,526.42	675,105.19
Surplus for Year	684,417.73	711,735.23	775,146.62	386,461.99	338,806.82	307,511.81	344,502.68
Surplus at Beginning of Year	4,036,702.60	3,324,967.37	2,549,820.75	2,163,358.76	1,824,551.94	1,517,040.13	1,172,537.45
Surplus at Close of Year	$4,721,120.33	4,036,702.60	3,324,967.37	2,549,820.75	2,163,358.76	1,824,551.94	1,517,040.13

1911	1910	1909	1908	1907
613,642.42	633,982.62	624,801.80	607,261.81	571,574.42
32,093.05	—	—	—	—
—	—	—	—	—
.37	2.51	—	—	—
645,735.84	633,985.13	642,801.80	607,261.81	571,574.42
267,362.84	261,055.35	239,097.32	243,184.49	161,837.45
905,174.61	644,119.26	405,021.94	161,837.45	—
1,172,537.45	905,174.61	644,119.26	405,021.94	161,837.45

912	1911	1910	1909	1908	1907
105.19	613,642.42	633,982.62	624,801.80	607,261.81	571,574.42
—	32,093.05	—	—	—	—
—	—	—	—	—	—
—	.37	2.51	—	—	—
105.19	645,735.84	633,985.13	642,801.80	607,261.81	571,574.42
502.68	267,362.84	261,055.35	239,097.32	243,184.49	161,837.45
537.45	905,174.61	644,119.26	405,021.94	161,837.45	—
040.13	1,172,537.45	905,174.61	644,119.26	405,021.94	161,837.45

No. 13

ASTORIA

Summary of
For t

Operating Revenue:	1918	1917	1916	19
Sales to Consolidated Gas Company	86,001,023.70	4,890,474.53	4,252,728.00	3,932,6
Other Gas Sales	64,868.16	1,673.92	185.04	1
Rent of Gas Appliances	7.00	7.00	7.00	
Real Estate Rents	—	—	5,909.20	–
Other Miscellaneous Revenue	49,412.97	3,473.80	—	–
Total Operating Revenue	6,115,311.83	4,895,629.25	4,258,829.24	3,932,8
Operating Expenses:				
Production Expenses	3,745,371.13	2,601,294.72	1,951,974.51	2,068,1
General Expenses	159,835.46	130,737.39	88,916.75	80,5
Taxes	596,084.05	458,863.52	305,052.97	228,2
Use of Distributing System:				
Astoria Tunnel	379,190.73	384,213.13	383,620.25	–
Ravenswood Tunnel	51,172.80	51,172.80	51,172.80	66,0
60" Main—East River Gas Company	—	—	—	–
48" and 60" Mains, East River Gas Company	61,739.00	61,525.35	60,127.26	88,0
48" Harlem River Main	14,468.12	14,468.12	14,468.12	–
Inventory Adjustments, Duplicate charges, etc.	196,678.07*	44,483.13*	15,585.90*	18,0
Total Operating Expenses	4,811,774.22	3,637,791.90	2,839,746.67	2,512,9
Net Operating Income, excluding Depreciation, etc. allowances	1,303,537.61	1,237,837.35	1,419,082.57	1,419,8
Depreciation, Etc. Allowances:				
Renewals and Replacements	48,633.35	46,179.60	45,950.93	50,5
Contingency	—	230,898.07	229,754.73	252,9
Total Depreciation, etc., Allowances	48,633.35	277,077.67	275,705.66	303,5
Net Operating Income	$1,254,904.26	960,759.68	1,143,376.91	1,116,3

*Denotes deduction.

ASTORIA LIGHT, HEAT AND POWER COMPANY

Summary of Operating Revenues, Expenses and Net Income.
For the Twelve Years 1907 to 1918, Inclusive.

16	1915	1914	1913	1912	1911	1910	1909	1908	1907
728.00	3,932,677.15	4,796,486.92	4,492,528.70	3,117,417.35	2,398,814.62	2,321,550.46	2,333,331.33	2,238,232.42	1,702,312.13
185.04	173.92	158.96	120.72	138.56	167.68	168.16	174.56	121.52	84.00
7.00	6.00	9.00	3.75	6.00	6.00	6.00	6.00	6.00	5.00
809.20	—	24.00	69.00	235.00	282.00	282.00	282.00	274.78	169.60
	—	—	—	—	—	—	—	—	—
820.24	3,932,857.07	4,796,678.88	4,492,722.17	3,117,796.91	2,399,270.30	2,322,006.62	2,333,793.89	2,238,634.72	1,702,570.73
074.51	2,068,185.44	2,711,585.49	2,472,373.31	1,506,020.02	1,009,268.04	970,435.52	1,063,467.92	1,080,293.84	709,505.60
916.75	80,517.90	87,494.49	100,886.08	94,721.02	78,026.23	60,403.45	53,946.59	67,275.52	52,395.11
052.97	228,267.34	218,917.38	183,346.41	121,314.39	114,293.43	112,338.17	84,412.30	27,107.89	20,810.68
520.25	—	—	—	—	—	—	—	—	—
172.80	66,000.00	66,000.00	66,000.00	—	—	—	—	—	—
	—	75,575.02	75,182.94	75,182.89	75,093.80	74,978.97	73,913.31	73,408.07	72,354.58
127.26	88,046.10	—	—	—	—	—	—	—	—
468.12	—	—	—	—	—	—	—	—	—
585.00*	18,014.82*	19,550.94*	17,252.23*	20,379.38*	465.65*	2,644.58*	7,842.37*	2,134.25*	—
746.67	2,512,971.96	3,140,021.44	2,880,536.51	1,779,858.94	1,276,215.85	1,215,511.53	1,267,897.75	1,245,951.07	855,065.97
082.57	1,419,885.11	1,656,657.44	1,612,185.66	1,337,937.97	1,123,054.45	1,106,495.09	1,065,896.14	992,683.65	847,504.76
950.93	20,586.64	—	—	—	—	—	—	—	—
754.73	252,933.22	536,908.80	518,602.70	324,622.03	215,680.75	215,207.75	212,414.10	188,401.15	115,285.60
705.66	303,519.86	536,908.80	518,602.70	324,622.03	215,680.75	215,207.75	212,414.10	188,401.15	115,285.60
376.91	1,116,365.25	1,119,748.64	1,093,582.96	1,013,315.97	907,373.70	891,287.34	853,482.04	804,282.50	732,219.16

. POWER COMPANY

Unfunded Indebtedness,
907 to 1918, Inclusive.

Proportion charged Construction	Net In on Unfund
—	552,8
—	588,5
—	606,0
—	615,2
105,408.69	594,8
148,361.56	656,3
182,974.39	678,1
242,958.63	98,2
290,902.30	208,4
—	94,5
—	90,0
—	90,0
—	8,6
—	5,6

otes.

ary 1, 1899, interest—5 per cer
tired in May, 1914.
er 1, 1913, interest—5 ½ per
000, issued $5,000,000 as of M

per cent.
ent $337,047.32; other intere
nces $500,000 at 6 per cent,
per cent, $52,438.36; total $8
ng $1,500,000, at 6 per ce

ASTORIA LIGHT, HEAT AND POWER COMPANY

Interest and Dividends Received
For the Twelve Years 1907 to 1918, Inclusive.

On Special Deposit National City Co.	On Investment Astoria Tunnel	Cash Discounts	On Bank Balances Liberty Loans, etc.	Total
—	—	1,036.00	—	1,192.71
—	—	807.93	.73	1,163.80
—	—	975.13	—	1,832.59
—	—	2,372.15	—	3,739.66
—	—	3,768.82	—	5,724.98
—	—	3,752.88	—	6,289.76
—	—	3,438.42	—	6,795.21
—	—	3,843.34	—	8,137.71
24,113.54	—	—	—	29,101.86
45,438.26	300,999.52	—	—	357,956.12
59,651.15	313,475.88	—	5,851.09	385,314.99
52,482.27	310,270.00	—	25,013.10	394,513.52

35299

EXPLANATORY NOTES:

On Fire Insurance Participation Certificates:

1907-1915: Interest at three per cent on certificates outstanding at beginning of year.

1916: Interest at three per cent on certificates outstanding at beginning of year, $5,511.01; and on certificates outstanding at close of year, $6,007.33; total, $11,518.34.

1917-1918: Interest at three per cent on Certificates outstanding at close of year. 35300

On Special Deposit with National City Company:

1915: Interest on $1,000,000 Feb. 15, at 2-3 4 per cent.

1916: Interest on $1,000,000 at 2-1/2 per cent, to April 19; on $1,500,000 from April 19—December 31, at 3-1/2 per cent.

1917: Interest on loans of varying amounts, commencing with $1,500,000 at 3-1/2 per cent, increasing to $2,250,000 at 3-1/2 per cent and closing with $1,750,000 at 3-1/2 per cent and $250,000 at 4 per cent. 35301

1918: Interest on loans of varying amounts, commencing with $2,000,000 at rates above stated, and periodically reducing to $550,000 at close of year, representing $250,000 at 4-1/4 per cent $300,000 at 4 per cent.

HT, HEAT AND POWER COMPANY

on Funded and Unfunded Indebtedness,
e Twelve Years 1907 to 1918, Inclusive.

	Interest on Unfunded Debt	Proportion charged Construction	Net Int on Unfunde
	552,824.82	—	552,82
	588,511.81	—	588,51
	606,051.80	—	606,05
	615,232.62	—	615,23
	700,301.11	105,408.69	594,89
	804,716.75	148,361.56	656,35
	861,084.68	182,974.39	678,11
	341,213.99	242,958.63	98,25
	82,438.40	290,902.30	208,46
	94,524.60	—	94,52
	90,000.00	—	90,00
	90,000.00	—	90,00

Explanatory Notes.

age bonds of February 1, 1899, interest—5 per cen
375,000. Bonds retired in May, 1914.
age bonds of October 1, 1913, interest—5 ½ per
Commission $5,000,000, issued $5,000,000 as of M

Gas Company at 6 per cent.
advances at 6 per cent $337,047.32; other interes
y construction advances $500,000 at 6 per cent,
ny $1,000,000, at 6 per cent, $52,438.36; total $8
$1,500,000, at 6 per ce

—	—	—	816
—	—	—	416

35302 On Investment Astoria Tunnel: East River Gas Company of Long Island City, interest on advances on account of Astoria Tunnel under East River (from Astoria to East 132nd Street) from January 1, 1916, as follows:

1916: On Balances increasing from $4,678,002 in January to $5,224,598.72 in September, at 6 per cent.

1917: On $5,224,598.72 at 6 per cent.

1918: On $5,171,166.70 at 6 per cent.

35303 Note: At August 31, 1916, the account "East River Gas Company of Long Island City" in the general ledger was transferred to the Accounts Receivable ledger in two amounts, $5,224,598.72 and $265,794.14, the latter representing interest from October 1, 1915, to August 31, 1916. The proportion of interest from October 1, to December 31, 1915, is treated as a deduction from Interest on Bonded and Floating Debt in 1915. (See Statement of Interest charged to Construction Expenditures.)

35304

ASTORIA LIGHT, HEAT AND POWER COMPANY

No. 15

Interest paid on Funded and Unfunded Indebtedness,
For the Twelve Years 1907 to 1918, Inclusive.

	On First Mortgage Bonds (1899)	On First Mortgage Bonds (1914)	Total Interest Funded Debt	Interest on Unfunded Debt	Proportion charged Construction	Net Int on Unfunde
1907	18,750.00	—	18,750.00	552,824.82	—	552,82
1908	18,750.00	—	18,750.00	588,511.81	—	588,51
1909	18,750.00	—	18,750.00	606,051.80	—	606,05
1910	18,750.00	—	18,750.00	615,232.62	—	615,23
1911	18,750.00	—	18,750.00	700,301.11	105,408.69	594,89
1912	18,750.00	—	18,750.00	804,716.75	148,361.56	656,35
1913	18,750.00	—	18,750.00	861,084.68	182,974.39	678,11
1914	6,660.96	176,866.44	183,527.40	341,213.99	242,958.63	98,25
1915	—	275,000.00	275,000.00	82,438.40	290,902.30	208,46
1916	—	275,000.00	275,000.00	94,524.60	—	94,52
1917	—	275,000.00	275,000.00	90,000.00	—	90,00
1918	—	275,000.00	275,000.00	90,000.00	—	90,00

Explanatory Notes.

First Mortgage Bonds—1899: These are fifty-yeaar first mortgage bonds of February 1, 1899, interest—5 per cent
Authorized $500,000, issued $375,000. Bonds retired in May, 1914.

First Mortgage Bonds—1914: These are fifty-year first mortgage bonds of October 1, 1913, interest—5 ½ per c
Authorized by Public Service Commission $5,000,000, issued $5,000,000 as of Ma

Interest on Unfunded Debt:

1907-13 On advances of Consolidated Gas Company at 6 per cent.

1914 On Consolidated Gas Company advances at 6 per cent $337,047.32; other interes

1915 On Consolidated Gas Company construction advances $500,000 at 6 per cent,
by Consolidated Gas Company $1,000,000, at 6 per cent, $52,438.36; total $8

1916 On Consolidated Gas Company [illegible] $1,500,000, at 6 per ce

1,340.30	1,340.30*	160,324.00	—	—	—	716
330.23	330.23*	159,993.77	—	—	—	816

35305

AS AND POWER COMPANY

nd Unfunded Indebtedness,
ars 1907 to 1918, Inclusive.

C 'n Debt	Proportion charged Construction	Net Interest on Unfunded Debt	Total
82	—	552,824.42	571,574.42
81	—	588,511.81	607,261.81
80	—	606,051.80	624,801.80
62	—	615,232.62	633,982.62
11	105,408.69	594,892.42	613,642.42
75	148,361.56	656,355.19	675,105.19
68	182,974.39	678,110.29	696,860.29
00	242,958.63	98,255.36	281,782.76
40	290,902.30	208,463.90*	66,536.10
60	—	94,524.60	369,524.60
00	—	90,000.00	365,000.00
00	—	90,000.00	365,000.00

35306

ory Notes

February 1, 1899, interest—5 per cent—February 1st and August 1st.
nds retired in May, 1914.
October 1, 1913, interest—5 ½ per cent—October 1st and April 1st.
5,000,000, issued $5,000,000 as of May 6, 1914.

35307

y at 6 per cent.
6 per cent $337,047.32; other interest $4,166.67; total $341,213.99.
n advances $500,000 at 6 per cent, $30,000.04; on other advances during year
, at 6 per cent, $52,438.36; total $82,438.40.
n advances $1,500,000, at 6 per cent $90,000; on other advances during year
at 6 per cent, $4,524.60; total $94,524.60.
n advances $1,500,000 at 6 per cent, $90,000.

35311

Number 16

Page Two

ASTORIA LIGHT, HEAT AND POWER COMPANY

Interest Charged to Construction Expenditures During the Twelve Years 1907 to 1918, Inclusive.

Continued

The interest on Astoria Tunnel Construction really ceased as at October 1, 1915. The proportion of interest from that date to December 31, 1915 ($69,286.58) is shown as a separate item representing interest earned on the total amount of the Astoria Tunnel Construction (including interest during construction) down to October 1, 1915, but is deducted in the Company's accounts from Interest on Bonded and Floating Debt and, therefore, included in this statement. (See note to statement of Interest and Dividends received.)

35312

35313

No. 17

ASTORIA LIGHT, HEAT AND POWER COMPANY

Classified Summary of Gas Sales for the Twelve Years 1907 to 1918, Inclusive.

	Consolidated Gas Company			Metered Consumers			U. S. Govt. (Carbon Plant)			
	M. Cu. Ft.	Rate	Amount	M. Cu. Ft.	Rate	Amount	M. Cu. Ft.	Rate	Amount	M. Cu. Ft.
1907	2,293,833.6	¢ 74.212	$1,702,312.13	105.0	¢ 80.00	$ 84.00	—	¢ —	$ —	2,293,938.
1908	3,769,701.1	59.374	2,238,232.42	151.9	80.00	121.52	—	—	—	3,769,853.
1909	4,247,387.1	54.936	2,333,331.33	218.2	80.00	174.56	—	—	—	4,247,605.
1910	4,302,909.2	53.953	2,321,550.46	210.2	80.00	168.16	—	—	—	4,303,119.
1911	4,310,559.1	55.650	2,398,814.62	209.6	80.00	167.68	—	—	—	4,310,768.
1912	6,490,088.3	48.034	3,117,417.35	173.2	80.00	138.56	—	—	—	6,490,261.
1913	10,356,005.6	43.381	4,492,528.70	150.9	80.00	120.72	—	—	—	10,356,156.
1914	10,723,310.7	44.730	4,796,486.92	198.7	80.00	158.96	—	—	—	10,723,509.
1915	10,117,111.6	38.872	3,932,677.15	217.4	80.00	173.92	—	—	—	10,117,329.
1916	9,189,957.5	46.276	4,252,728.00	231.3	80.00	185.04	—	—	—	9,190,188.
1917	9,233,829.4	52.963	4,890,474.53	227.5	80.00	182.00	1,864.9	80.00	1,491.92	9,235,921.
1918	9,645,584.4	62.215	6,001,023.70	261.9	80.00	209.52	80,823.3	80.00	64,658.64	9,726,669.

NOTE: The amount received from the Consolidated Gas Company comprises that Company's proportionate share of the cost of labor, material and other expenses, based on the cu. ft. of sales, together with interest at 7 per cent on the investment, according to the following table:

(Table on following page)

Continued:

GHT, HEAT AND POWER
COMPANY

y of Gas Sales for the Twelve
907 to 1918, Inclusive.

mers	U. S. Govt. (Carbon Plant)			Total		
Amount	M. Cu. Ft.	Rate	Amount	M. Cu. Ft.	Rate	Amount
$ 84.00	—	¢ —	$ —	2,293,938.6	¢ 74.213	$1,702,396.13
121.52	—	—	—	3,769,853.0	59.375	2,238,353.94
174.56	—	—	—	4,247,605.3	54.937	2,333,505.89
168.16	—	—	—	4,303,119.4	53.954	2,321,718.62
167.68	—	—	—	4,310,768 7	55.651	2,398,982.30
138.56	—	—	—	6,490,261.5	48.034	3,117,555.91
120.72	—	—	—	10,356,156.5	43.381	4,492,649.42
158.96	—	—	—	10,723,509.4	44.730	4,796,645.88
173.92	—	—	—	10,117,329.0	38.872	3,932,851.07
185.04	—	—	—	9,190,188.6	46.277	4,252,913.04
182.00	1,864.9	80.00	1,491.92	9,235,921.8	52.969	4,892,148.45
209.52	80,823.3	80.00	64,658.64	9,726,669.6	62.363	6,065,891.86

nt received from the Consolidated
rises that Company's proportion-
t of labor, material and other ex-
cu. ft. of sales, together with in-
n the investment, according to the

on following page)

No. 18

	1918	1917	1916
GAS PRODUCTION:			
Plant A	$1,202,082.72	718,322.86	675,319.57
Plant B	878,854.70	793,658.94	588,945.67
Plant C	3,025,602.78	2,047,759.92	1,451,158.36
Total Plants, A, B and C.	5,106,540.20	3,559,741.72	2,715,423.60
Operating Electric Power House, exclusive of maintenance	78,526.27	38,053.51	35,742.82
Station Expense	—	—	—
Miscellaneous Works Expense	119,890.24	82,228.05	119,829.29
Station Distribution	459.55	335.96	286.29
Gross Expense excl. Repairs	5,305,416.26	3,680,359.24	2,871,282.00
Residuals Produced	2,209,081.30	1,543,365.43	—
Sale of Residuals	—	—	932,908.19
Residuals used at Works	—	—	339,349.22
Total Residuals Produced	2,209,081.30	1,543,365.43	1,272,257.41
Less Residual Expenses	136,661.25	118,487.63	114,682.56
Net Residuals Produced	2,072,420.05	1,424,877.80	1,157,574.85
Net Expense excl. Repairs	3,232,996.21	2,255,481.44	1,713,707.15
Repairs	512,974.92	345,813.28	238,267.36
Total	$3,745,971.13	2,601,294.72	1,951,974.51

	1911	1910	1909	1908	1907
7	886,340.53	898,631.18	997,209.06	414,169.60	285,287.85
5	919,771.26	884,931.28	790,549.37	456,610.89	282,346.62
8	—	—	—	—	—
1	1,806,111.79	1,783,562.46	1,787,758.43	870,780.49	567,634.47
3	32,704.77	32,140.41	33,310.54	32,059.57	33,695.96
	457.03	—	—	46,962.13	36,136.20
4	37,847.87	38,305.70	40,124.94	—	—
5	—	350.26	469.87	572.59	189.41
8	1,877,121.46	1,854,358.83	1,861,663.78	950,374.78	637,656.04
	—	—	—	—	—
1	986,211.31	1,002,503.05	936,758.74	—	—
2	201,862.35	188,205.87	178,680.45	—	—
3	1,188,073.66	1,190,708.92	1,115,439.19	—	—
5	132,702.97	135,408.27	129,258.64	—	—
7	1,055,370.69	1,055,300.65	986,180.55	—	—
7	821,750.77	799,058.18	875,483.23	950,374.78	637,656.04
5	187,517.27	171,377.34	187,984.69	129,919.06	71,849.56
2	1,009,268.04	970,435.52	1,063,467.92	1,080,293.84	709,505.60

ASTORIA LIGHT, HE
COMPAN

Summary of Gener

No. 19

	1918	1917	1916	1915	1914	
General Expense	$ 8,208.08	7,710.00	7,186.32	7,440.48	7,470.00	
General Office Expense	94,160.57	69,737.40	22,591.70	18,986.06	14,678.38	
	102,368.65	77,447.40	29,778.02	26,426.54	22,148.38	
Legal Expense	7,185.11	7,025.47	11,088.10	6,698.38	6,130.35	
Insurance	35,662.75	34,685.43	28,556.76	41,404.56	51,760.50	
Claims for Damages	4,866.56	3,766.71	3,758.19	3,554.53	6,909.50	
Experiments	—	—	124.57	1,377.18	246.22	
Contributions to G. C. E. M. A. S.	6,830.60	4,769.09	4,464.09	—	—	
Vacations and Sickness	2,921.79	3,043.29	3,285.85	1,656.71	299.54	
Superannuation	—	—	—	—	—	
Appropriations to Employees	—	—	7,861.17	—	—	
	57,466.81	53,289.99	59,138.73	54,091.36	65,346.11	
Total	$159,835.46	130,737.39	88,916.75	80,517.90	87,494.49	

ASTORIA LIGHT, HEAT AND POWER COMPANY

Payments for Use of Astoria Tunnel, Ravenswood Tunnel, and Street Mains.

No. 20

(Basis of payments, 1915 to 1918 and former basis.)

Astoria Tunnel (East River Gas Company)
(Astoria to East 132nd Street)

1916: For use of Astoria Tunnel, Oct. 1, 1915 to August 31, 1916, based on Astoria Company share 60.92 per cent of total investment at 12 per cent per annum. (This investment is variable but is comparable with amount shown in note to statement of interest and Dividends Received.)		$350,110.81
Charged to P. & L. account (prior to 1916)		
Charged "Use of Astoria Tunnel"	$ 95,484.77	
	254,626.04	254,626.04
Charge for four months September to December 1916.		128,994.21
Total 1916		383,620.25
1917: Charge for year on above basis		384,213.13
1918: Charge for year on above basis		379,190.73

Ravenswood Tunnel (East River Gas Company)
(Ravenswood Works to East 71st Street)

1913: New Amsterdam Gas Company for use of Ravenswood Tunnel, May 1, 1912, to December 31, 1913, based upon two-thirds interest on an investment of $900,000 at 11 per cent per annum. $110,000.00

Charged P. & L. account (prior to 1913) $ 44,000.00
Charged "Use of Ravenswood Tunnel" 66,000.00

1914: Charge for year as above 66,000.00

1915: Charge for year as above 66,000.00

1916: Charge for year based upon an investment of $700,000: Astoria Company share 60.92 per cent, $426,440, at 12 per cent per annum 51,172.80 (1)

1917: Charge for year as above 51,172.80

Page Two

ASTORIA LIGHT, HEAT AND POWER COMPANY

Payments for Use of Astoria Tunnel, Ravenswood Tunnel and Street Mains.

(Basis of payments 1915 to 1918 and former basis.)

Ravenswood Tunnel (East River Gas Company) continued:		
1918: Charge for year as above		$ 51,172.80
Note: (1) The new basis, adopted in August, 1916, was made effective as from October 1, 1915. P. and L. account was credited $16,500 for the proportion paid in 1915, and charged $12,793.20 the proportion payable. Net Credit $3,706.80 (part of total adjustment of $88,341.60 in 1916)		
60" Street Main (East River Gas Company)		
1914 and prior) East River Gas Company for use of 60" Street Main for year based upon investment (variable) at 11 per cent per annum.		$ —
1915: Charge for year on above basis, $691,179.84 at 11 per cent per annum.		76,029.78
1916: Charge for period from Jan. 1 to August 31 on above basis.		50,946.46
Amount charged during period from October 1, 1915, to August 31, 1916, reversed:		
Credited P. and L. account (prior to 1916)	$ 19,007.45	
Credited "Use of 60" Street Main"	50,946.46	50,946.46*
48" Street Main (East River Gas Company)		
1915: East River Gas Company for use of 48" Main, for period from April 2, 1914 to June 6, 1915, based upon an investment of $109,239.29 at 11 per cent per annum.		$ 14,518.35

* Denotes Deduction

Page Three

ASTORIA LIGHT, HEAT AND POWER COMPANY

Payments for Use of Astoria Tunnel, Ravenswood Tunnel and Street Mains.

(Basis of payments 1915 to 1918 and former basis.)

48" Street Main (East River Gas Company) continued:		
Charged P. and L. account (prior to 1915)	$ 9,020.47	
Charged "Use of 48" Main"	5,497.88	5,497.88
Charge for 6 1/2 months on above basis		6,518.44
		12,016.32
1916: Charge for period from January 1 to August 31 on above basis		8,050.21
Amount charged during period from October 1, 1915, to August 31, 1916, reversed:		
Credited P. and L. account (prior to 1916)	$ 3,004.08	
Credited "Use of 48" Main"	8,050.21	8,050.21*
48" and 60" Street Mains (East River Gas Company)		
1916: East River Gas Company for use of 48" and 60" Mains for period from October 1, 1915 to August 31, 1916, based on Astoria Company's share, 60.92 per cent of total investment at 12 per cent per annum.		$54,846.46

Page Four

ASTORIA LIGHT, HEAT AND POWER COMPANY

Payments for Use of Astoria Tunnel, Ravenswood Tunnel and Street Mains.

(Basis of payments 1915 to 1918 and former basis.)

48" Harlem River Main (Standard Gas Light Company) continued:			
1916: Standard Gas Light Company for use of 48" Harlem River Main From October 1, 1915, to August 31, 1916, based on Astoria Company's share, 60.92 per cent of total investment of $197,911.54 at 12 per cent per annum.			$13,262.45
Charged to P. and L. account (prior to 1916)	$ 3,617.04		
Charged "Use of 48" Harlem River Main"	$ 9,645.41		9,645.41
Charge for four months on above basis			4,822.71
1917: Charge for year on above basis			$14,468.12
1918: Charge for year on above basis			$14,468.12
			$14,468.12

$129,239.59 at 11 per cent per annum. $ 14,518.35

Makes Deduction

ASTORIA LIGHT, HEAT AND

Renewal and Contingenci

For the Eight Years 1907 to

No. 21

Charged to Rese

	Appropriation from "Contingencies" Expense (1)	Tools and Implements	Office Furniture and Fixtures	Horses, Wagons and Harness	Boats and Scows	Buildings
1907	$ 115,285.60	4,446.90	1,324.66	1,057.37	458.90	—
1908	188,401.15	8,516.30	1,313.86	1,096.00	1,996.31	—
1909	212,414.10	8,236.11	1,386.93	1,187.94	2,093.28	—
1910	215,207.75	8,679.48	1,334.33	1,266.07	1,890.62	—
1911	215,680.75	9,705.35	1,284.84	1,232.37	1,707.67	—
1912	324,622.00	9,993.02	1,539.68	1,187.37	1,551.65	—
1913	518,602.70	12,083.79	1,739.15	1,126.69	1,400.37	3,332.55
1914	536,908.80	13,538.06	2,061.94	1,093.70	2,355.88	—
Total	$2,327,122.85	75,199.01	11,985.39	9,247.51	13,454.68	3,332.55

Note:

In October, 1915, the balance in this reserve at January 1 tions from that date were transferred to "Contingency" R

CONTINGENCY RESE

For the Four Years 1915 to 1918 Inclus

	Appropriation from "Contingency" Expense (2)	Charged to Reserve	Increase During Year
1914	$ —		252,933.22
1915	252,933.22	—	252,933.22
1916	229,754.73	—	229,754.73
1917	230,898.07	—	230,898.07
1918	—	—	—
Total	$713,586.02	—	713,586.02

D POWER COMPANY

ies (Reserve)

o 1914, Inclusive.

serve

Apparatus	Rent of Cons. Gas Co. Apparatus	Total	Increase During Year	Balance at End of Year
—	—	7,287.83	107,997.77	107,997.77
—	16,830.00(3)	29,752.47	158,648.68	266,646.45
—	—	12,904.26	199,509.84	466,156.29
—	—	13,170.50	202,037.25	668,193.54
—	—	13,930.23	201,750.52	869,944.06
2,570.00	—	16,841.72	307,780.28	1,177,724.34
375.00	—	20,057.55	498,545.15	1,676,269.49
1,548.06	—	20,597.64	516,311.16	2,192,580.65
4,493.06	16,830.00	134,542.20	2,192,580.65	2,192,580.65

35342

y 1, 1915, together with the monthly appropria-
" Reserve.

35343

ESERVE

clusive

se Year	Balance at End of Year
3.22	2,192,580.65
3.22	2,445,513.87
4.73	2,675,268.60
8.07	2,906,166.67
	2,906,166.67
6.02	2,906,166.67

ASTORIA LIGHT, HEAT AND POWER COMPANY

No. 22

Renewals and Replacements (Reserve) For the Four Years 1915 to 1918, Inclusive.

	Charged to Renewals and Replacements (1)	Charge to Reserve: Buildings	Equipment	Street Mains	Rental Appliances	Tools and Implements	Horses, Vehicles, etc.
1915	$ 50,586.64	102.35	16,995.48	—	—	14,596.57	175.00
1916	45,950.93	—	6,640.49	13,302.86	34.56	13,498.61	285.00
1917	46,179.60	13,217.63	2,968.12	11,782.24	—	14,197.41	—
1918	48,633.35	—	—	—	—	15,992.37	—
Total	$191,350.52	13,319.98	26,064.09	25,085.10	34.56	58,284.96	460.00

(1) Based upon 1 2¢ per M. cu. ft. of gas sold.

ACCRUED AMORTIZATION (RESERVE)

For the Seven Years 1911 to 1917, Inclusive.

			Charged to Accrued Amortization	Charged to Reserve
1911	(For Difference between estimated)	1909,1910)	$ 32,093.05	—
1912	(4½¢ per M. cu. ft. made and)	and 1911)	—	—
1913	(actual cost of repairs.)	1912	94,336.59	—
1914	( )	1913	57,302.70	—
1915	( )	1914	137,238.60	—
1916			—	—
1917	For Balance in Reserve transfered to Surplus		—	320,970.94

ASTORIA LIGHT, HEAT AND POWER COMPANY

Summary of Depreciation Reserves For the Twelve Years 1907 to 1918, Inclusive.

Renewals and Contingencies	Contingency	Renewals and Replacements	Total Permanent Reserves	Accrued Amortization	Total
107,997.77	—	—	107,997.77	—	107,997.77
266,646.45	—	—	266,646.45	—	266,646.45
466,156.29	—	—	466,156.29	—	466,156.29
668,193.54	—	—	668,193.54	—	668,193.54
869,944.06	—	—	869,944.06	32,093.05	902,037.11
1,177,724.34	—	—	1,177,724.34	32,093.05	1,209,817.39
1,676,269.49	—	—	1,676,269.49	126,429.64	1,802,699.13
2,192,580.65	—	—	2,192,580.65	183,732.34	2,376,312.99
—	2,445,513.87	18,717.24	2,464,231.11	320,970.94	2,785,202.05
—	2,675,268.60	30,906.65	2,706,175.25	320,970.94	3,027,146.19
—	2,906,166.67	34,920.85	2,941,087.52	—	2,941,087.52
—	2,906,166.67	67,561.83	2,973,728.50	—	2,973,728.50

ASTORIA LIGHT, HEAT AND POWER COMPANY

Statement of Gas Made, Gas Send Out, Used by the Company and S
For the Twelve Years from 1907 to 1918.

(In Thousand Cubic Feet)

No. 24

	Coal Gas Made.						
	Plant A	Plant B	Total	Water Gas Plant C	Total Gas Made	Difference in Holder Stocks	Total Send Out
1906	32,165	16,677	48,842	—	48,842	—	48,842
1907	1,164,422	1,092,448	2,256,870	—	2,256,870	11,710	2,245,160
1908	1,855,454	1,912,569	3,768,023	—	3,768,023	2,037*	3,770,060
1909	2,343,836	1,904,446	4,248,282	—	4,248,282	204	4,248,078
1910	2,142,151	2,162,004	4,304,155	—	4,304,155	136	4,304,019
1911	2,085,790	2,227,825	4,313,615	—	4,313,615	1,901	4,311,714
1912	1,964,033	2,089,274	4,053,307	2,439,133	6,492,440	4,386*	6,496,826
1913	3,017,500	2,305,659	5,323,159	5,048,895	10,372,054	332*	10,372,386
1914	3,203,432	2,565,710	5,769,142	4,969,034	10,738,176	2,308*	10,740,484
1915	2,664,502	1,920,106	4,584,608	5,543,604	10,128,212	847	10,127,365
1916	1,650,723	1,382,842	3,033,565	6,163,400	9,196,965	463	9,196,502
1917	1,579,572	1,500,164	3,079,736	6,162,386	9,242,122	599	9,241,523
1918	1,895,126	1,172,951	3,068,077	6,670,274	9,738,351	3,487	9,734,864

Note: Water Gas Plant in operation since May 3, 1912.

There is a small difference between the 1918 sales and the figure reported in the classified summary of sales. In the other statement, the sales are taken from the Accounts Receivable Blotter.

*Denotes deduction.

Continued:

356

Page Two

ASTORIA LIGHT, HEAT AND POWER COMPANY

Statement of Gas Made, Gas Sent Out, Used by Company and Sales for the Twelve Years from 1907 to 1918.

Summary of Maxima and Minima by Departments.

Continued:

357 Continued:

	Coal Gas					Water Gas					Coal and Water G			
	Maximum		Minimum		Average	Maximum		Minimum		Average	Maximum		Minim	
	Amount	Date	Amount	Date	for Year	Amount	Date	Amount	Date	for Year	Amount	Date	Amount	
1907	10,488	Dec. 14	2,494	Jan. 1	6,183	—	—	—	—	—	10,488	Dec. 14	2,494	J
1908	14,102	Dec. 23	8,657	Sept. 19	10,323	—	—	—	—	—	14,102	Dec. 23	8,657	S
1909	14,070	Oct. 25	9,208	July 16	11,639	—	—	—	—	—	14,070	Oct. 25	9,208	J
1910	16,205	Dec. 10	9,604	Aug. 13	11,792	—	—	—	—	—	16,205	Dec. 10	9,604	A
1911	16,126	Jan. 29	9,822	July 10	11,818	—	—	—	—	—	16,126	Jan. 29	9,822	J
1912	13,899	Jan. 24	8,053	Aug. 6	11,075	18,067	Nov. 25	962	May 5	10,038	31,408	Nov. 25	11,111	A
1913	17,991	Apr. 15	11,847	Mar. 26	14,584	18,014	Jan. 8	7,470	July 23	13,833	34,536	Dec. 26	21,256	A
1914	18,254	Feb. 6	12,777	July 17	18,806	20,515	Dec. 26	6,439	July 24	13,614	37,024	Jan. 14	20,911	J
358 1915	15,643	Jan. 2	11,093	Sept. 9	12,561	20,354	Nov. 23	9,422	July 31	15,188	34,667	Dec. 7	20,799	J
1916	15,108	Jan. 9	3,740	Mar. 26	8,288	22,438	Dec. 20	12,060	Aug. 22	16,840	35,162	Feb. 15	17,873	A
1917	10,366	Jan. 21	6,244	Aug. 3	8,438	27,267	Dec. 31	9,312	Aug. 2	16,883	37,556	Dec. 31	15,606	
1918	14,633	Jan. 26	4,714	Aug. 8	8,406	29,809	Feb. 5	8,949	July 28	18,275	41,550	Feb. 5	13,758	A

NOTE: Of the figures in these tables of Maxima and Minima all but the years 1907, 1908, 1917 and 1918, were taken from the Public Service Commission Reports.

GHT, HEAT AND POWER
COMPANY

lade, Gas Sent Out, Used by Com-
or the Twelve Years from 1907 to

ma and Minima by Departments.

Water Gas			Coal and Water Gas				
Minimum		Average	Maximum		Minimum		Average
Amount	Date	for Year	Amount	Date	Amount	Date	for Year
—	—	—	10,488	Dec. 14	2,494	Jan. 1	6,183
—	—	—	14,102	Dec. 23	8,657	Sept. 19	10,323
—	—	—	14,070	Oct. 25	9,208	July 16	11,639
—	—	—	16,205	Dec. 10	9,604	Aug. 13	11,792
—	—	—	16,126	Jan. 29	9,822	July 10	11,818
962	May 5	10,038	31,408	Nov. 25	11,111	Apr. 6	17,739
7,470	July 23	13,833	34,536	Dec. 26	21,256	Aug. 18	28,417
6,439	July 24	13,614	37,024	Jan. 14	20,911	July 24	29,420
9,422	July 31	15,188	34,667	Dec. 7	20,799	July 31	27,749
12,060	Aug. 22	16,840	35,162	Feb. 15	17,873	Aug. 22	25,128
9,312	Aug. 2	16,883	37,556	Dec. 31	15,606	Aug. 2	25,321
8,949	July 28	18,275	41,550	Feb. 5	13,758	Aug. 8	26,681

ures in these tables of Maxima and
years 1907, 1908, 1917 and 1918,
e Public Service Commission Re-

ASTORIA LIGHT, HEAT A

Adjustment of Operating Revenues and Expens
Years 1907 to 19

No. 25

	1918	1917	1916	1915	
B. Bower Chemical Mfg. Co.	$ —	—	16,914.00	6,297.83	3,6
Adjustment on account of Cyanogen Sludge	—	—	16,895.46*	6,289.11*	3,6
Estimated value of Residuals on hand, December 31, 1914	—	—	—	44,808.13	
Amount refunded by Williams & Peters—illegal tax on coal	—	—	17.30	—	
Real Estate Rents—use of certain land during construction of Astoria Tunnel, 1910 to 1915 inclusive	—	—	30,047.26	—	
Barrett Mfg. Co. adjustment of sales of coal tar and ammoniacal liquor during 1909	—	—	—	—	
Adjustment of Coal accounts for coal handling, demurrage, etc.	—	—	—	—	
Total Credits	—	—	30,083.10	44,816.85	
G. Bower Chemical Mfg. Co. adjustment on account of Cyanogen Sludge	58.38	5,075.51	—	—	
	58.33*	5,075.56*	—	—	
Adjustment of Rentals paid for use of Astoria Tunnel, Ravenswood Tunnel, 48" and 60" Mains, 48" Harlem River Main	—	—	88,341.60	9,020.47	
	—	—	88,339.70*	8,973.20*	
Additional Tax assessed on Net Income for 1909 to 1912 inclusive, charge for full amount of contingency against income being disallowed	—	—	—	—	
Total Charges	—	—	—	—	
	$ .05	.05*	1.90	47.27	

* Denotes deduction for proportion recovered from or paid over to Consolidated Gas Company.

Page Tw

ASTORIA LIGHT, HEA
COMPAN

Statement of Gas Made, Gas Sc
pany and Sales for the Twelv
1918.

Summary of Maxima and Mi

Continued:

Average for Year	Maximum Amount	Date	Minir Amount
6,183	—	—	—
10,323	—	—	—
11,639	—	—	—
11,792	—	—	—
11,818	—	—	—
11,075	18,067	Nov. 25	962
14,584	18,014	Jan. 8	7,470
18,806	20,515	Dec. 26	6,439
12,561	20,354	Nov. 23	9,422
8,288	22,438	Dec. 20	12,060
8,438	27,267	Dec. 31	9,312
8,406	29,809	Feb. 5	8,949

NOTE: Of the figures in these
Minima all but the years 1907,
were taken from the Public Ser
ports.

nsolidated Gas Company.

ASTORIA LIGHT, HEAT AND POWER COMPANY

f Operating Revenues and Expenses of Prior Years During the Twelve Years 1907 to 1918 Inclusive.

Water Gas

1916	1915	1914	1913	1912	1911	1910	1909	1908	1907
16,914.00	6,297.83	3,670.03	—	1,980.69	—	—	—	—	—
16,895.46*	6,289.11*	3,664.10*	—	1,978.55*	—	—	—	—	—
—	44,808.13	—	—	—	—	—	—	—	—
17.30	—	—	—	—	—	—	—	—	—
30,047.26	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	58,839.79	—	—	—
—	—	—	—	—	—	58,826.31*	—	—	—
—	—	—	—	—	—	—	8,584.49	—	—
30,083.10	44,816.85	5.93	—	2.14	—	13.48	8,584.49	—	—
—	—	—	495.96	—	138.06	1,798.73	—	—	—
—	—	—	495.96*	—	137.69*	1,796.22*	—	—	—
88,341.60	9,020.47	—	44,000.00	—	—	—	—	—	—
88,339.70*	8,973.20*	—	43,969.18*	—	—	—	—	—	—
—	—	—	9,110.78	—	—	—	—	—	—
—	—	—	9,105.50*	—	—	—	—	—	—
1.90	47.27	—	36.10	—	.37	2.51	—	—	—

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Mr. O'Brien: I renew at this time, your Honor, the request which we made in writing of the complainant for leave to make photographs at the Astoria plant. I would like to have that determined early in the coming week, so that we may take advantage of the recess to cover that much ground. I say again that, of course due care will be taken by the defendants as to doing no damage through the use of flashlights or photography in any respect. This is a matter I do not think we ought to have any quibbling about. The Master saw the plant, and there is now photo-

35363

graphed in the Master's mind pictures of various details in connection with that plant. For that reason, if for no other, we ought to have on the record of this case just about as much as the Master saw, so that the record of the case will be complete.

The Master: Well, I do not know the attitude of counsel for the complainant, and I will not make any direction at this time except to intimate that I think it might be useful if counsel for the complainant would cooperate with Mr. O'Brien and give him a reasonable opportunity to take a reasonable number of photographs

35364

showing the plant.

Mr. Vilas: That matter will be taken up immediately and disposed of during the coming week.

The Master: If you and Mr. O'Brien will agree to have that work done so it will be ready for the 11th of February, we can go right ahead.

Now, is there anything else that can be done this morning?

Mr. Chambers: Yes, I wanted Mr. Smith. Have you those contracts?

Mr. Smith: Yes.

35365

Mr. Chambers: If the Master please, in view of the testimony of yesterday, it seems to me now while these contracts were ruled out as immaterial, it seems to me now that they become material.

The Master: No. Those contracts are contracts between a gas company and a coke company, the By-Products Coke Company, to buy coke oven gas from the company. I won't take them.

Mr. Chambers: Well, it shows the price.

The Master: I won't take it. I do not believe it is any fair basis or any proper basis to discuss the cost of producing gas. We have an entirely different situation. There is the Seaboard By-Products Company which produces gas as a by-product, which necessarily must be sold at the best price they can get, probably cheap, and I won't take it, and I do not think it is material, and I do not think it is proper.

35366

Mr. Chambers: Well, they built the works under the contracts named, and there is the price named for coke oven gas.

The Master: No, I won't take it.

Mr. Chambers: May I formally reoffer these contracts in evidence?

35367

The Master: You have.

Mr. Chambers: I have not since—

The Master: You did just now, didn't you?

Mr. Chambers: Well, I did not say that—

The Master: Well, make your record.

Mr. Chambers: I reoffer these contracts I offered yesterday, namely, the contracts between the Koppers Company and the Public Service Gas Company, and between the Public Service Gas Company and the Seaboard By-Products Coke Company.

35368

The Master: Mr. Chambers, the one offer of the contract of October includes the offer of the previous contracts, because they are incorporated in it and made part of it.

Mr. Vilas: The complainant objects to the offer.

The Master: There is no necessity for offering it because it is really offered as part of that last contract.

Mr. O'Brien: Your Honor, I do not catch the logic of your ruling—take the question of—there is nothing I can see in this proposition
35369 that they are getting the—that the Gas Company in that instance is getting their gas from some other company made by the coke oven process. There is no reason why we may not go into the question as to how much you can buy gas for around here. The Consolidated Company goes across one river and buys from a company, its own property, but nevertheless a separate corporate entity, buys gas and pays for it a lump sum.

The Master: Buys oil?

Mr. O'Brien: Buys gas.

The Master: Or, over in Long Island City.

35370 Mr. O'Brien: Yes, buys gas and pays for it, buys half of the gas it uses from this company, and pays for it, and it is perfectly proper. It is admissible here to show you that the same company, maybe, if the proof bears it out, can go across into the meadows of New Jersey and buy gas at twenty cents a thousand cubic feet.

The Master: No, I cannot follow you on that.

Mr. Chambers: I want to call Mr. Addicks.

Mr. O'Brien: I note an exception, with Mr. Chambers, to your ruling, if it has already been

made, to the ruling of the Master excluding these contracts which have just been marked for identification.

WALTER R. ADDICKS, recalled in behalf of the defendants, testified as follows:

DIRECT-EXAMINATION BY MR. CHAMBERS:

Q. Is there a market price for coke oven gas that you know of? 35372

Mr. Vilas: I object to it as incompetent, irrelevant and immaterial.

The Master: I will overrule it.

Mr. Vilas: Exception.

A. I do not quite comprehend your question.

Q. Is there a market price for coke oven gas, a well recognized fixed price for coke oven gas, that you know of, in this locality?

A. In this locality?

The Master: Is there any coke oven gas generally offered for sale in this market?

The Witness: There is not.

The Master: Is there any place that you know of where it can be purchased? 35373

The Witness: No.

The Master: Then there cannot be any market price for it, can there?

The Witness: Not in this vicinity.

Mr. Chambers: Now, in the light of that testimony I once more offer in evidence Defendants' Exhibit AA305 for identification and Exhibit AA306 for identification.

Mr. Vilas: I object to it.

The Master: And in the light of Mr. Addicks' testimony I again sustain the objection.

35374

Mr. Chambers: Exception. Now, there are two contracts here that I think are a little different than the ones marked for identification. I would like to have this contract of January 17, 1918—

The Master: Mr. Chambers, that is part of the October contract.

Mr. Chambers: There is a variance between them, I think.

The Master: There cannot be.

Mr. Chambers: I would like to have them marked for identification.

35375 The Master: All right.

Contract dated January 17, 1918, marked Defendants' Exhibit AA307 for identification.

Mr. Chambers: I also ask to have marked for identification this contract dated the 31st day of October, 1916.

Marked Defendants' Exhibit AA308 for identification.

Mr. Chambers: Now, these contracts were produced here by Mr. Smith, and your Honor may take them later in the case even. I anticipate that possibly you may reverse yourself.

The Master: Anything may happen.

35376 Mr. Chambers: And I would like to have them filed here with the Clerk of the Court and not have them taken back to Pittsburgh out of the jurisdiction of the Court.

Mr. Vilas: The Court cannot impound the exhibits.

Mr. Chambers: I know the Consolidated Gas Company is doing everything they can to keep these contracts away from us, and I would like to have them filed with the Clerk so that I can

35377

reoffer them again, and I think there is no reason why we should not have them and have copies of them.

The Master: Have I the power to impound exhibits?

Mr. Chambers: Certainly.

Mr. Vilas: I deny the statement that the complainant is doing anything to keep these away from the defendants. They have got them.

Mr. Chambers: Well, they are dead horses, only one of them is alive. I do not want them lost, destroyed, or to have them disappear, and I cannot subpoena them again, I got them here 35378
with a good deal of difficulty, it took me two or three weeks.

The Master: I will dispose of this difficulty. Mr. Briggs, the stenographer, is directed to take these exhibits for identification, make copies of them and return them to Mr. Smith, arranging with Mr. Smith to get them back to him.

Mr. O'Brien: Will your Honor receive a suggestion, that they be marked in evidence, subject to your ruling to strike out before the close of the complainant's case?

The Master: I won't take them in evidence. 35379
They are marked for identification, and the stenographer is directed to make three copies of them for the convenience of counsel, so that he can return the original exhibits to Mr. Smith, and they will be retained as the papers marked for identification.

Mr. O'Brien: I cannot understand just the basis of your Honor's ruling out these contracts.

The Master: Well, I am going to make a brief statement on that.

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Mr. O'Brien: It goes to the question of coke, and goes to the question of producing gas, it places a burden upon the complainant additional to what is already on the shoulders of the complainant to show why they have not taken up this method of making gas; it is in the locality, it is close to the Metropolitan District, these contracts are the medium of furnishing to one of the biggest gas companies in this neighborhood gas which there is a presumption that that company is getting gas in that way because it is a cheaper way to get it, and there will be a serious

35381

error made, your Honor, if these are excluded. I wonder that the complainant's counsel take the risk. Of course, they have been gambling since the 15th of July, this thing has been a roulette wheel for them so far as the stockholders' interests are concerned.

The Master: You asked me to make a statement, but I am not willing to enter into a discussion. If the theory of my ruling is not clear, I am willing to make it as clear as I can, and that is this, that the proof that there exists in New Jersey a company which as a by-product in its operations has a coke oven gas which it

35382

sells to the Public Service Gas Company of New Jersey at any price, is to my mind utterly immaterial on the question as to whether this company can depend upon getting coke oven gas generally in the market as necessary and as required so that it should arrange its business in such form as to depend upon buying coke oven gas.

Mr. O'Brien: It goes further than that, your Honor.

The Master: And I think it is therefore utterly immaterial.

Mr. O'Brien: This is not built upon a dream that you are going to tunnel under the river and

35383

get over to the Hackensack Meadows and get some of this gas.

The Master: You mean it can be done over here?

Mr. O'Brien: Done here, and done by—as I said before, this company sees fit to buy from another company now, and has for some years, its gas.

The Master: I get it. I thought I stated at the outset I would not go into a discussion. I have given you my reason.

Mr. O'Brien: I am trying to go down to the tropics and bring back a few ideas that may 35384
bring back some fruit on Lincoln's Birthday.

The Master: I am going to let you show through Mr. Little, as I understood you were going to attempt to show, that they could in some form or other get this cheaper gas, but I am not going to take the fact that the Seaboard Coke Company of New Jersey happens to sell this by-product to the Public Service Gas Company of New Jersey at a price as indicating what could be done over here. I think it is immaterial. Now, if there is nothing else, I will arrange for an adjournment. Court will stand adjourned until February 11, at 9:30 A. M., at the Bar 35385
Association, unless in the meantime counsel or a majority of counsel agree upon holding sessions somewhere else. Now, I can state this for the record, that I really believe myself that it will be more convenient to everybody in the case if the cross-examination and the further hearings were held at the Gas Company's office, because we will need all the books and records of the Consolidated Company as well as the books and records of the Astoria Company. There cannot possibly be any gas or other atmosphere around the 15th Street office building that will affect the Master, or that can possibly affect

35386

the record. At the same time I do not feel justified in ordering the hearing to proceed there. I will, however, assume that if a majority of counsel in the case agree that nobody can be hurt especially, and that on the other hand it will be tremendously convenient to complete our hearings at the Gas Company's office, that that majority shall rule. In other words, if Mr. O'Brien and Mr. Chambers, or Mr. O'Brien and Mr. Clark agree that it will be all right, I shall hold them up there. If Mr. Clark and Mr. Chambers agree that it is a good thing to do, I will hold
35387 them up there, but unless you reach a majority agreement on that or some other place, I have got to name some definite place, because this Court House, I am informed, is full, every room occupied beginning next Monday, so that I cannot use these rooms. I do not want to go over to the Woolworth Building, because it is rather difficult to get the books and records up there on the twelfth floor.

Mr. Vilas: If the Court please, I have an additional suggestion that has not been offered, and that is that we meet at the offices of the New York Edison Company, where a room can
35388 be secured that will be in every way as satisfactory as the Gas Company.

The Master: Well, that is the 15th Street Building, isn't it?

Mr. Vilas: Yes.

Mr. O'Brien: That is under the Upas tree, the same old roots, the same old odor.

Adjourned to Wednesday, February 11, 1920, at 9:30 o'clock A. M.

Last Complainant's Exhibit 465.
Last Defendants' Exhibit AA308.

CONSOLIDATED GAS COMPANY OF NEW YORK vs. NEWTON, ETC., *et al.* 35389

Before ABRAHAM S. GILBERT, Special Master.

NEW YORK, February 9, 1920.

Met pursuant to adjournment.

Present: MR. RANSOM, MR. VILAS and MR. GOETZ, of Counsel for Complainant.
MR. CHAMBERS, of Counsel for defendant NEWTON.
MR. HAYWARD, MR. CLARK and MR. NEUMANN, of Counsel for Public Service Commission. 35390
MR. O'BRIEN, of Counsel for defendant Swann.

ANDREW SANGSTER recalled for cross-examination:

The Witness: If your Honor please, I should like to make a slight correction in my report, just to keep the matter in order before we proceed.

Mr. Goetz: I think the correction ought to be brought out by question and answer of counsel rather than by a statement of the witness. 35391

The Master: No, let the witness make it. In view of the informal manner in which we took his statement, I will let him make any correction he wants to make.

The Witness: In Statement No. 9 it gives prices of bituminous coal purchased for the year 1918, and the eight months ended August 31, 1919. There is a note under the prices paid to Consolidation Coal Company, which states,

"Freight to Port St. George and Reading on Fairmount coal, $1.90 per ton from January to April, 1918, and $2.40 per ton thereafter." The word "April" should be "July." The same amendation should be made in the note on page 2. That is all.

By Mr. Goetz:

Q. Mr. Sangster, since you were last on the stand, were these tables carefully checked over, and was this correction made as a result of the checking of these tables?

35303 A. You mean a systematic check of all the tables?

Q. Yes.

A. No, there was no systematic check made. They were all checked and compared before the report was presented.

Q. On this Statement No. 9, page 1, the reference to item of Fairmount coal, June, 1918, July, 1918, $4.98, Port, 45 cents, trimming .55 and $5.55, and .15—have you your computations by which the $5.55 was arrived at? Have you those computations here?

A. No, sir. I might say, though that this was—the item that you mention here had reference to a very small purchase.

35304 Q. Well, I thought, if you were correcting that page you might correct the rest of the errors in arithmetic on that page.

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial, or rather, I move to strike out the comment.

The Master: Well, the motion ought to be granted.

Q. How was this $5.55 arrived at?

A. That is the total average price paid for the quantity of coal purchased under the average rate for the price at the mine plus freight to port and the average lighterage and average war tax. It may not work out

just exactly; there are small differences there, you can see.

Q. Can you give me the figures which you took into your computation by which you arrived at the result of $5.55?

A. No, sir; that is, I cannot give you them now.

The Master: Didn't you have working papers?

The Witness: We have.

The Master: I ask you to have them all here. Are there any working papers that you haven't got here?

The Witness: I believe that I have all the working papers, but when it comes to these small calculations I don't believe that we have kept any memorandum. That is a very small matter here. 35396

Q. Well, your computations go into very small fractions, don't they, not on this page, but in other parts of the report?

A. Yes, in the principal tables they do.

Q. Have you ever been employed by any gas corporation?

A. Do you mean employed in any way?

Q. Yes.

A. I don't believe I have.

Q. Have you ever been employed by any other utility corporation? 35397

A. Well, just what do you mean by "employed"?

Q. Were you hired to do certain work for a utility corporation?

A. As I state in my qualifications, I have made audits at different times of different utility companies.

Q. I am asking you whether you were hired by a public utility corporation to do any work for it?

A. You mean as principal personally?

Q. Were you ever employed by a utility corporation to do work for it?

The Master: As a regular employee, I suppose Mr. Goetz means, a house employee.

A. No.

Q. Did you ever have a part in the financing of a gas corporation or any public utility?

A. No, sir.

Q. Your work has all the time been confined to accountancy and statistical work for others than those who have the responsibility for operating the plant of a gas corporation or other utility?

Mr. Chambers: I object to that on the ground
35399 that he has stated what work he has done.

The Master: Objection overruled.

A. It has been along the lines of audit and investigations of these different utility companies, sometimes for the utility as assistant to my principals, and sometimes for cities and municipalities and State commissions.

Q. Were there any cases in which your employers, or your principals were hired or engaged by public utility corporations, in which you assisted your principals or employers?

A. Yes.

Q. Where was that, do you remember the cases on
35400 which you worked?

A. There were several street railway companies in Scotland. If you wish me I can name them.

Q. Yes, I wish you would?

A. There is the Edinburgh & District Tramway Company: the Falkirken District Tramways Company; and the Levenen District Tramways Company.

Q. Were they public tramways or private tramways?

A. Public.

Q. What work did you do in connection with the

services of your principals for those particular companies?

A. I was accountant in charge of the annual audits for those companies.

Q. Did you ever do any work on the accounts of gas corporations or other public utilities in the United States, under retainer either of yourself or your principals by public service corporations?

A. No.

Q. All the figures shown in your reports dated January 26, 1920, were not direct from the books, were they? 35402

A. They are based upon the figures contained in your books. Where I have made any adjustments and changes I think I have indicated it clearly in the report.

Q. What you have taken is the particular account shown upon the books of the company, and in some instances redistributed the figures to meet certain calculations which you have made as to what you would have put into those accounts?

Mr. O'Brien: I object to that as being indefinite. It is a vague and general statement. If counsel has in mind where that is done he can ask about it.

The Master: Objection overruled. 35403

Mr. O'Brien: Exception.

A. In a few cases I have made adjustments.

Q. For instance, in the case of taxes, you have not taken the company's charge for taxes and included that in your statement of what are the operating expenses of the company, have you?

A. No, I have shown clearly what the company has in its account.

The Master: My recollection is that Mr. Sangster's testimony is that this relates only to the Astoria?

35404 Andrew Sangster, Cross.

Mr. Goetz: Yes, we are talking only about the Astoria Company.

Mr. O'Brien: That is what you mean when you say, "The company"?

Mr. Goetz: Yes.

Q. Did you use any of the Consolidated Gas Company's records in your work?

A. I referred to them, yes, in order to obtain some further information in certain directions.

Q. For how long a period were you engaged on this work of examining the books and records of the As-
35305 toria Company?

A. I should say about since the middle of October.

Q. Down to the present time, practically?

A. Yes.

Q. Did you have any assistants?

A. I had from one to three assistants during the course of the examination.

Q. Where did you conduct this examination, at East 15th Street?

A. Yes.

Q. In the accounting offices of the Astoria Company?

A. Yes.

35406 Q. Did you call for any vouchers?

A. Yes, I called for quite a few vouchers.

The Master: Did you get them?

The Witness: I didn't get them all.

Q. Which particular vouchers didn't you get that you called for?

A. Well, it would be difficult to say.

Q. I mean what was the character of the vouchers that you called for that you didn't get?

A. There were vouchers, I remember, on coal.

Q. How many that you didn't get that you called for?

A. I couldn't say.

Q. When did you call for those vouchers, do you recall?

A. No.

Q. Of whom did you make your request?

A. Your representative, Mr. Davidson.

Q. Didn't Mr. Davidson tell you at that time that the vouchers were being used both in court and by the accountants of the other defendants?

A. He made that explanation in respect to some of the vouchers, and in respect to others he stated they could not be found. 35408

Q. That they had been lost altogether?

A. Well, I don't say that would be his language, but at that time they could not be found, that they had gone missing.

Q. Did you make any later inquiry for those vouchers?

A. Yes.

Q. And you got the same answer?

A. I could not say just what the particular answer would be, not having made the application personally; but generally speaking I have already indicated what the difficulties are in connection with the application for these vouchers, but there are still some vouchers 35409 which we have not yet received.

Q. Did the absence of those vouchers prevent you from making as complete and satisfactory a statement as you would have otherwise made if you had had those vouchers?

A. Yes.

Q. In other words, you infer from the records of the company that there was certain information in those vouchers that would have had an important bearing on these tables if you had had them?

35410 Andrew Sangster, Cross.

A. Well, I would not want to say that they had an important bearing, not having seen the vouchers. It is just possible, however, that if I had obtained these vouchers I could have given a great deal—at least some more information that I would very much like to have given in this report.

Q. Have you still with you the particular vouchers that you asked for and wanted that you did not get?

A. My assistant has handed me a list which I presume refers to vouchers asked for and received by us.

Q. Might I see that list?

35411 A. It is an adding machine list. You will notice that there are some of these items scored out as if the paper had since been received after the list was made up.

Q. You are sure that you have used none of these vouchers in your computations in this report?

Mr. O'Brien: He didn't say that.

Mr. Goetz: He says he didn't have those vouchers.

Mr. O'Brien: He said he didn't have them, but he didn't say he didn't use them. You are speaking about figures now.

Q. Can you answer that question?

35412 A. No, sir, I am afraid it is too indefinite. I don't know what you mean by using a voucher.

Q. Would you say that in making up the computations that you have put in here you have not actually had before you some of these vouchers which you say were missing?

A. Yes.

Q. But in making up your computations you did take into account the figures, the expenditures shown by those vouchers which were recorded upon the books referring to those particular vouchers?

A. Necessarily I included the amounts which are re-

ferred to on those vouchers. The amounts themselves are on the record.

Q. Will you please read into the record the particular vouchers that you called for that were missing, or which you say you did not have?

A. I am afraid you have kept my list.

Q. Mr. O'Brien has it.

A. The vouchers on this list all refer to purchases of coal.

The Master: What year?

The Witness: This is the year 1918.

Q. What are they? 35414

A. No.	Amount
1929	6,111.26
1930	6,896.28
3188	5,329.50
3456	263.64
4207	3,291.75
4220	5,986.46
6183	9,501.83
6185	1,230.25
6001	28.66
8676	5,527.44

During Eight Months of 1918. 35415

1000	2,376.19
1001	4,674.00
1002	417.00
Voucher in March for which apparently we have no number	57.00
3435	6,048.30
3436	4,216.81
3437	5,110.62
3592	4,699.36
3593	5,977.02
3680	8,318.47

A voucher for May	9,585.50
3904	5,817.99
A voucher for June	4,684.08
4595	5,926.76

Q. You used the papers or records on file in the offices of the Astoria Company endorsed, "Gas Production Statistics," did you not?

A. Did I use them?

Q. Yes.

A. Yes, I did.

Q. Don't those figures show the voucher number,
35417 the company from whom the coal was bought, the kind of coal, the tons of coal, and the amount paid for each one of the items that you have mentioned here?

A. You say in each one of these items here?

Q. For each one of the items that you have mentioned there, don't the gas production statistics show the information that I have already indicated, that is, the voucher number, the dealer from whom the coal was bought, the kind of coal, the quantity of coal and the amount of the bill?

A. I could not say.

Q. Well, look at the gas production statistics and
35418 tell me whether—

Mr. O'Brien: You are asking whether it don't show *the* voucher number. You are not asking whether it shows *a* voucher number. State what you mean, and get an answer.

Mr. Goetz: I can't make myself understood by you.

The Master: For what month was this gas production statistics?

Q. I show you the Gas Production Statistics for December, 1918—

The Master: Does that include all the vouchers for that year?

Mr. Goetz: No. I will ask him a question.

Q. I will ask you whether these monthly documents do not show that kind of information for each of the voucher numbers mentioned in the gas production statistics?

The Master: As distinguished from those that he has mentioned?

Q. Have you any December voucher on your list?

A. December, 1918?

Q. Yes? 35420

A. Yes, I have, No. 8676.

The Master: Is that on this production sheet?

The Witness: Yes, it is on this list.

The Master: Then the data that Mr. Goetz has referred to on that voucher is on this production sheet?

The Witness: No, sir. He asked me if it did not show the tonnage, and other things that we wanted to know in regard to these coal purchases. This paper does not show any tonnage. The amount is $5,527.44.

Q. Will you give me the voucher number to which you refer for December, 1918? 35421

A. 8676.

Q. I ask you whether it is not a fact—look at this document which I show you—is it not a fact that this document has a line, 8676—M. J. Tracy—Bituminous—$5,527.44?

A. That is what it says.

Q. It does not give the quantity there?

A. No, it does not give the tonnage of coal in connection with that payment.

The Master: It just gives the price paid?

The Witness: Just the total price paid.

Mr. O'Brien: Is that a pencil sheet, Mr. Goetz?

Mr. Goetz: No, this is an ink sheet.

Mr. O'Brien: Well, the totals are in pencil, are they not? You called it a document a while ago.

Mr. Goetz: Yes I called it a document.

Mr. O'Brien: Grocery store document.

Q. Did you come across any other bills of Mr. Tracy?

A. Yes.

Q. What is his business, do you know?

A. His business is lightering, as far as I know.

35423 Q. Then would you infer from this item upon this coal account that the voucher No. 8676 of Mr. Tracy relating to bituminous coal, charging the company $5,527.44, was for lighterage and not for coal sold?

Mr. O'Brien: I object to that. He is asking the witness what he infers.

Mr. Goetz: He has made an analysis and has drawn inferences.

Mr. Chambers: He is dealing with the facts.

Mr. Goetz: He has drawn inferences throughout this report.

The Master: I will allow it. What did you take the item in as, coal or lighterage charge?

35424 The Witness: I took it as a lighterage charge.

Q. Have you any voucher numbers on your list in the month of December, 1918, relative to purchases made for coal, other than this Tracy item for lighterage?

A. I shall have to look again.

The Master: Have you any for December on your list?

The Witness: They are not dated here; that is why I have to refer to his list. No, there are no others on this list in December, 1918.

Q. Have you the months of any of the other items that you have there?

A. No.

The Witness: Mr. Sangster has already explained that he has only the number, and to determine the month he has to look at your sheet.

Q. You haven't anything here which would give you the months in which these vouchers occur?

A. Oh, yes.

Q. Can you give me the month of some particular voucher?

The Master: Mr. O'Brien, do you object to Mr. Sangster's assistant standing by him and talking to him while he is on the stand? 35426

Mr. Chambers: He is not talking, he is pantomining.

The Master: He is doing the same thing as Mr. Teele's assistant did with him.

Mr. O'Brien: Yes, my objection still goes on the record, your Honor.

Mr. Chambers: Yes, we have objection to that. Mr. Goetz ought to be satisfied with what Mr. Sangster is giving him.

Mr. O'Brien: If there is anything wrong with Mr. Sangster's work I wish he would find the errors and point them out.

Mr. Goetz: I will in a minute. 35427

The Master: I put that on the record as indicating how impossible it is for men like Mr. Sangster and Mr. Teele to be able to find every item. They have got to have their assistants help them.

Mr. O'Brien: I don't want to take up time here—

The Master: On a review by another Court I wanted to have some little explanation of some of these exceptions that are in the record.

35428 Andrew Sangster, Cross.

Mr. O'Brien: Teele is a lovely fellow, he is a magnetic man, I will say that for Teele after six months' association, but he knew very little about the matters that he came to testify about.

Mr. Ransom: He knew more about it than Mr. Sangster does.

The Master: I don't know about that, let us find out.

Mr. Goetz: We will find out quickly.

The Master: The point I wanted to put in the record is that any man in charge of a corps of
35429 assistants, going over a big concern like this, or the Astoria Company, must necessarily have assistance from his men when he is aked about particular items to check his working sheets and the entries on them. Have you located those, Mr. Sangster?

The Witness: I could get them very readily now.

The Master: Give Mr. Sangster that list, and he will read off the months.

Q. Give me one or two, I don't want to take up time with all these?

A. The first is No. 1929, in April, 1918.

35430 Q. Have you No. 4207 there?

A. Yes. Well, this is April, what do you want with that?

Q. What is the number?

A. 1929.

Q. I show you the Gas Production Statistics of the Astoria Light, Heat & Power Company for the month of April, 1918. You used this, didn't you?

A. Yes.

Q. Look at the item, Voucher 1929, and tell me whether I am not reading correctly the line:

Voucher 1929, from Pittsburgh, kind of coal, Ocean, tons, 1230, amount $6,111.26.

A. You have read all that it shows there.

Q. Now, what is your next item? Have you the item No. 4207?

A. Yes. I am not denying what there is on that sheet, if there is anything I can help you with.

Q. I show you the gas production statistics for the month of July, 1918—

Mr. O'Brien: You had better mark them for identification, so we will know what the record means when we go over it.

Q. I ask you whether the statement does not show Voucher No. 4207, from Consolidated, kind of coal, 35432
Farmington, tons, 693, amount $3,291.75?

A. Yes, that is all right.

Q. Did you use any oil vouchers?

The Master: Wait a minute, before we get away from this coal voucher business. Do these production sheets contain all the information you wanted to get from the vouchers themselves?

The Witness: No, sir.

The Master: What was missing?

The Witness: If you give me August 1918—

The Master: No, I mean on these two, April and July.

The Witness: In connection with those items 35433
that he has read, I don't know what the rate was for freight, nor do I know what the lighterage rate was. I have to infer those things.

The Master: Does the voucher show that?

The Witness: In many cases it does.

The Master: Not always?

The Witness: Not always.

The Master: So that the voucher was not absolutely essential to this particular information?

The Witness: It may not have been. We might not have gotten any further if we had had the voucher.

35434 Andrew Sangster, Cross.

Q. The company's records would show the freight rates which were prevailing at particular times of the year, would they not?

A. Yes, we have to assume that that freight rate was applicable in each of these particular cases.

Q. Also the lighterage rate for particular periods were fixed?

A. So far as we know, but the exact periods were not known to us.

Q. Did you use any other vouchers besides coal vouchers on the examination?

35433 A. Yes, we used many other vouchers.

Mr. Goetz: I ask the Court to take judicial notice of the fact that lighterage rates and the railroad rates are contained in tariffs on file with the Interstate Commerce Commission and at the offices of the railroads?

Mr. O'Brien: You may ask a lot of things, there is no law against asking things.

Mr. Chambers: The Court cannot take judicial notice of freight and lighterage rates.

The Master: No, not of the rates. I understand Mr. Goetz's request is that I take notice of the fact that pursuant to law the rate and tariff must be filed and that Mr. Sangster could have had access to them.

35435

Mr. Chambers: He wants you to take notice of the law?

Mr. Ransom: The tariffs are the law.

The Master: The point is, not as to the particular amount, but as to the fact that they were accessible because they were public records?

Mr. Ransom: And as to the particular amounts. In the Gardiner case the Court held that.

35437

Mr. Vilas: And the United States Supreme Court has held it.

The Master: I don't see how the Court can get the figures unless they are produced in the record.

Mr. Ransom: But the fact that there is a lawful rate, which is a prescribed rate, is on file, has the force of law—

The Master: But how do I know the figures until they are spread on the record?

Mr. Ransom: Not that you know the definite figures, but you take notice of the fact that there 35438
is a lawful rate.

The Master: Yes, but I cannot take judicial notice of what the figure is until it is before me.

Q. I think you commented in your report on the various bases of coal prices which the Astoria Company paid in 1918. That is correct, isn't it?

A. I have commented on the method in which the price was paid.

Q. Were you aware of the fact in doing this work that the distribution of coal in 1918 was regulated by the United States Government and required the pooling of coal from the mines, and then the distribution from the pool among those who needed coal? 35439

Mr. Chambers: I object to that; I don't think that is quite correct.

Mr. Goetz: I am asking the witness whether he knows.

The Master: Objection overruled.

A. I know that the coal obtained by the company was to some extent obtained under those conditions.

Q. I asked you before about other vouchers. You said you used oil vouchers, did you?

A. Yes, we examined some of the oil vouchers.

Q. Did you use any other vouchers or examine any other vouchers?

A. Yes, sir.

Q. Can you tell me briefly the character of the vouchers and about how many you examined?

A. I cannot tell you how many we examined, but we examined vouchers here and there in order to obtain further information over and above what was contained in the entries in the books. They cover quite a long period.

Q. And did you not also use the vouchers to test purchases, the accuracy of the entries in the books?

A. No, not in any case.

35441 Q. You did not attempt to check up the vouchers with the entries in the books?

A. No, sir.

The Master: Necessarily, however, you would discover errors in the books entries when you looked at the vouchers, if there were any, wouldn't you?

A. If we asked for a voucher, and we had the amounts from the record, and the amount differed, we would certainly go into the matter to see how this difference or discrepancy had arisen.

The Master: Do you recall instances of that kind?

35442 The Witness: There were none that were not explained.

The Master: To your satisfaction?

The Witness: To our satisfaction, that is, in the case of these vouchers that were examined, testimony, you did not deliberately set out to check the accuracy of the books against the vouchers, but wherever you found a voucher at variance with the books you looked into it and were satisfied that the book entry was correct by reason of some explanation?

The Witness: Yes.

The Master: So you found that the books to that extent were correct?

The Witness: Yes, but we went over the vouchers for information.

The Master: Mr. Goetz is trying to point out that the books are correct.

Mr. Goetz: No, I will say frankly that that is not the purpose. I want to ascertain from the witness whether he was hampered in any way in making his investigations by lack of data which he could have had. 35444

Mr. O'Brien: Well, go ahead.

The Witness: I can give you some instances in that case if you want to save time.

Mr. Chambers: I suggest that you do.

The Witness: You have asked me for certain particular instances which are not pertinent to that particular point. All these vouchers you have had me read in connection with the list of coal purchases I know are shown in gas production statistics, but I can point out instances, if you wish them, where I am still unable to say exactly what has taken place.

The Master: Well, let us have it. 35445

Mr. Goetz: May I interpolate—I would like to have the witness, if he is going to give any of that information at all, to give any particular voucher that he called for the lack of which or absence of which embarrassed his work.

The Master: That is what I want him to tell us. In view of your statement that you want to bring out from the witness that he was in any way embarrassed in his work, and had very full and free access to all books and records and documents, I will let the witness state in his own way just what difficulty he had, and then you can

cross-examine him on it. Give us that information.

The Witness: If you can give me the monthly gas production statistics for the month of August, 1919, I will give you one particular instance that I can remember at this time.

Q. In which you called for a voucher?

A. In which we called for an explanation.

Q. Did you call for a voucher?

A. If there was a voucher supporting the particular item—

35447 The Master: I think you had better get that August gas production statistics sheet and let the witness explain. If there is any explanation of a failure to give Mr. Sangster what he wanted it is to your advantage to get it.

The Witness: I am not claiming that the matter involved a voucher.

The Master: Let us find what it was.

Mr. Goetz: You mean you want to get the oral explanation made by some employe of the company?

The Master: Let us find out what he is complaining about in August, 1919.

35448 The Witness: I am not making any complaint, your Honor.

The Master: Well, the statement that you did not get sufficient information on some items.

Mr. Chambers: I assume he is stating the facts about it.

The Witness: On page—I suppose it will be page 1 of the statistics for this month, on bituminous coal, you will find an item starred, showing the tonnage to be 4,466.11 tons on hand at the beginning of the month, and underneath the tabulation for the month, the star denotes that

it is, "To correct for tons omitted from April, 1918, to July, 1919, as per detailed statement on file." Now, I have not yet received the statement on file or any explanation as to how such a large quantity of coal as 4,667 tons could arise in this way and be corrected only away along in August, 1919.

Q. Did you not know that this was the period during which the company was obliged to draw its coal from the coal pool established by the United States Government?

Mr. O'Brien: I object to that as incompetent. 35450

The Master: Objection overruled. How does it bear upon the question of coal on hand?

Mr. Chambers: How does it bear on the question of the failure to explain?

Mr. Goetz: The bills were sent over by the coal dealers from their offices, the coal was taken by the Astoria Company or the Consolidated Company from the coal pool. The Consolidated Company or the Astoria Company had to pay the bills that were sent, not for what the coal dealer said he sent, but for what the company was permitted to take from the coal pool.

Mr. O'Brien: Put a witness on the stand, and 35451
we can examine him about that.

Q. You knew that during that period the company was drawing its coal from the Government coal pool, did you not?

A. The coal that it was purchasing through the Consolidated Gas Company, it certainly was, and it would have been easy to make that explanation, if that is the explanation.

Q. Didn't you talk to Mr. Davidson about this?

A. Not personally.

Q. Did one of your assistants?

35452 Andrew Sangster, Cross.

A. Yes, sir.

Q. It was reported to you that he had talked to Mr. Davidson, was it not?

A. Yes, sir.

Q. And was the explanation which Mr. Davidson gave from the information which was available conveyed to you?

Mr. O'Brien: I object to that as embodying an assumption that is not proven.

The Master: Objection overruled.

Q. Did your assistant tell you the explanation Mr.
35453 Davidson gave to him?

A. I don't recollect that I got any explanation on that item.

Q. Did your assistant report to you that Mr. Davidson gave him no information whatever on that item?

A. I have no recollection just what my assistant did say, but I have not yet received any explanation.

The Master: Is there any other item that you recall now that you tried to get an explanation of and couldn't get it?

The Witness: I don't recall any other particular item. There was one or two.

The Master: Minor items of some kind?

35454 The Witness: No, they were not minor.

The Master: Then you ought to remember them, oughtn't you, if they were substantial?

The Witness: I don't remember the particular month in which they occurred.

Q. In connection with this examination that you made, and your assistant, you used the reports of manufacture of the Astoria Company?

A. We made some reference to those reports.

Q. Have you your report before you?

A. Yes.

Q. Will you look at page 8 and tell me whether it is not a fact that the candle power statistics shown on pages 7 and 8 were taken by you and your assistant from the monthly manufacturing reports?

A. Yes, it is so stated.

Q. And in various other parts of your report you refer to the candle power statistics as computed and compiled by you on these pages, do you not?

Mr. O'Brien: I object to that. The papers speak for themselves.

The Master: Objection overruled.

Mr. O'Brien: Exception. 35456

A. I don't quite get the point of your question.

Q. In other parts of this report which now comprises your testimony you have referred to the candle power statistics shown on pages 7 and 8 as having a bearing upon the discussion which you were giving, in relation to other phases of operation?

A. Yes.

Q. Will you look at page 7 of your report?

Mr. Goetz: May I refer to the pages of this report instead of referring to the witness's testimony, as I have not yet received a transcript containing this report?

The Master: Yes. 35457

Q. Will you tell me from what sources you obtained the total candle power of Plant C for the year 1918?

A. You mean the average for the year?

Q. Yes.

A. I should explain that that average is computed, and I do not believe is shown on the manufacturing report.

Mr. O'Brien: I think if the witness is going to be examined about this manufacturing book we ought to have it in court. They ought to have all the books of the company here.

Mr. Goetz: They are here. Any book that you call for is here.

Mr. O'Brien: Bring in your manufacturing book. You are asking about the manufacturing book. Why don't you produce it, not your gas production statistics? Are you afraid to produce it?

Mr. Goetz: What is it you want me to produce?

The Master: Go on and ask your question.

Mr. O'Brien: You are asking the witness
35459 about the manufacturing book. You ought to produce it here and refresh his memory about it, don't go back to some statistics that come out of the Statistical Bureau.

Mr. Goetz: It is not true that I mentioned the manufacturing book.

The Master: What is that?

Mr. Goetz: It is not true that I mentioned the manufacturing book.

The Master: Yes, you did.

Mr. Goetz: I talked about the monthly reports of manufacture, which is something different from the manufacturing book.

35460 The Master: That is correct, monthly report of manufacture. I thought you meant the manufacturing book.

Q. Did you use the manufacturing book, Mr. Sangster, in making any of these computations?

A. Which book do you refer to?

Q. Did you use any of these books, Mr. Sangster (showing book to witness)?

A. Yes, I believe we referred to these.

Q. And this book is a bound volume containing forms with data on them and endorsed, "Record of Manufacture, No. 3"?

A. Yes. I might explain though that we referred principally to these documents, monthly reports of manufacture, the separate papers.

Q. Now, I ask you whether the average candle power of Plant C gas, that is water gas, for the year 1918, is not shown upon this report of manufacture?

The Master: Not on the report in this book, No. 3, manufacturing record.

Mr. Goetz: The manufacturing record which is endorsed also, "Report of Manufacture."

A. I should think that figure you point to is for the month of December, as is stated at the top of the 35462
column.

Q. For the period ending December 31, 1918, the calendar year, is the candle power there given?

Mr. O'Brien: Just a minute. Are you trying to prove the candle power from this book? I object to it as incompetent, irrelevant and immaterial.

Mr. Goetz: I am trying to show that the witness made a computation, that a computation is given in the books which is different from what the witness made.

Mr. O'Brien: He didn't say he used this book. 35463

The Master: Objection overruled; answer the question.

Mr. O'Brien: Exception.

A. There is a figure shown under the column headed "Period Ending December 31, 1918."

The Master: For Plant C?

The Witness: For water gas, on the line reading, "Candle Power Works Test, Water Gas."

Q. What are the figures given?

A. 22.31.

35464 Andrew Sangster, Cross.

Q. What figure did you give as the result of your computation?

A. My computation is an arithmetical average of the candle power for each month.

The Master: The question is, what figure did you give for that year?

The Witness: For the year 1918, it is 21.45.

The Master: Where does the variance between the book and your figure occur?

Mr. Goetz: I will get to that in a minute.

Mr. O'Brien: I will ask that that book be
35465 marked for identification.

Mr. Chambers: It is already in evidence.

Mr. O'Brien: So much the better.

Mr. Chambers: Why not refer to it by its exhibit number?

The Master: They were not marked by numbers. It is described as record of manufacture, Book No. 3.

Mr. O'Brien: I will ask that the gas production statistics be marked for identification, those that have been referred to by Mr. Goetz, as the record will be pretty hard to interpret.

The Master: Go ahead.

35466 Q. On page 7 of your report you give the candle power of Plant C gas, that is water gas, for each of the months of the year 1918.

A. Yes, sir.

Q. And those candle powers were taken by you from these monthly reports of manufacture, were they not?

A. Yes; I believe they were anyway.

Q You did not attempt to vary your statement from the statement shown upon these reports?

Mr. O'Brien: Are you trying to prove the candle power now?

Mr. Goetz: I am talking about the candle power computation. I want to know whether he made an adjustment of his own or not.

The Master: Just ask your questions and I will rule on the objections. The objection is overruled.

Mr. O'Brien: Exception.

A. I made no adjustment on the candle power figures given in the manufacturing report.

Q. I show you a report of manufacture for February, 1918, and ask you to read the figures there given as the candle power works test, water gas, for 35468
February, 1918?

A. Candle power for works test for water gas for February, 1918, is given as 24.97.

Q. The figures which you give are 22.25?

A. Yes, sir. That apparently is explained by the fact that we have given the figure for mixed gas instead of for water gas. Mixed gas is 22.25.

The Master: What is that, an error?

The Witness. Yes, sir.

The Master: Your error?

The Witness: Is is my error.

The Master: That would change the average, of course? 35469

The Witness: The total?

The Master: The average for the year would change accordingly?

Mr. O'Brien: Not necessarily, your Honor; it would depend on how he took his averages for mixed gas.

The Master: It is bound to change it to some extent.

Mr. O'Brien: You mean in the total column?

The Master: Yes.

Q. I show you the monthly report for April, 1918, and ask you to give me the figures for the candle power test of water gas at Plant C?

Mr. O'Brien: Your Honor, I am going to object to this question, and I will tell you why.

Mr. Goetz: I know why.

Mr. O'Brien: These papers that are now being produced, the witness has freely said there is a discrepancy between what he has put on his report and what is on the paper presented to him, but they are not proven. I want to give you the
35471 basis of my objection. Our Mr. Edgerton—and I am going to put this on the record through the witness—our Mr. Edgerton went up on an examination of these various things for the 99th Street station. Mr. Davidson turned over to him, the reports. I just happened in there a day or two afterwards, and when I saw what he was doing, he said that was the manufacturing sheet, and I asked him where he got it. I told him that was not the book that we had in court. He said that was what Mr. Davidson told him was the manufacturing book for the 99th Street station. Mr. Davidson came in and I called his-
35472 attention to it, and there were positively discrepancies. Mr. Davidson said that that was a copy of the original book, that he would send for it if we wanted it, and there the figures were entirely different.

The Master: I will have to interrupt you. Proceed and answer the question. What was it for April, 1918, Plant C, water gas?

The Witness: 25.14.

Q. What figure do you show upon your statement?

A. 22.82, which is the candle power of the mixed gas.

The Master: The same error as in February?

Mr. O'Brien: I object to that as incompetent.

The Master: Objection overruled.

Mr. O'Brien: Exception.

The Witness: Yes.

Mr. O'Brien: The statement characterizing something as an error assumes that the paper that is being handed the witness by Mr. Goetz now, is the paper that was examined.

The Master: It is, the witness has so stated.

Mr. O'Brien: He did not so state.

The Master: Yes, he did. Next question. 35474

Mr. O'Brien: Will you permit me to ask the witness whether that was the paper examined by him or his assistant?

The Master: No.

Q. I show you the report for June, 1918, and ask you to give me the candle power test of the water gas at Plant C.

The Master: When you get a witness like Mr. Sangster, who, as you have said, is perfectly frank in his answers, you don't have to try to fence with him. He said it was his error.

Mr. Goetz: You can't fool him about papers.

The Master: He is perfectly willing to con- 35475
cede his error when it is pointed out.

Mr. O'Brien: If the paper handed to him was the paper originally examined, yes.

The Master: When he says it was his error he concedes that.

Mr. O'Brien: No, he says it is an error.

The Master: No. He said it was his error. I particularly asked him.

Mr. O'Brien: You are assuming that the Gas Company would not have two different papers, and I am assuming that they would, and I am going to prove it before the case is through.

The Master: Go ahead, Mr. Sangster.

The Witness: In June, the candle power is given on this sheet as 23.20.

The Master: And you give it as what?

The Witness: 22.08.

The Master: Is that the mixed gas figure again?

The Witness: It is the mixed gas figure.

Q. I show you report of manufacture of the water gas plant for July, 1918, and ask you to give me the figures for Plant C, water gas works test, for that
35477 month?

A. 23.50.

Q. What were your figures?

A. 22.19.

The Master: What was the mixed gas figure in that month?

The Witness: 22.19.

The Master: The same error again, is it?

The Witness: Yes, sir.

Q. Now, I show you September and October, monthly reports of manufacture. Will you give me the figures for water gas works test of Plant C?

The Master: September 1st.

35478 A. For September, 15.05. 14.33 refers to mixed gas.

The Master: 14.33 being the figure you gave in your report apparently?

The Witness: Apparently.

The Master: Now, for October.

The Witness: There is just one thing that puzzles me here, your Honor. Oh, I see. For October the water gas works test is 16.77. The 14.48 shown on the report refers to mixed gas.

Q. I show you the monthly report of manufacture for April, 1919, and ask you to give the figures there for the water gas candle power test?

A. Works test for water gas, candle power is 25.61. The 22.72 applies to mixed gas.

The Master: 22.72 is the figure shown on your report?

The Witness: Yes, sir.

The Master: Any others for 1919?

Mr. Goetz: No, but there are other questions on these tables.

Q. Did you not ascertain the fact that during the months of—at least during a part of the month of August, 1918, and during the months of September and October, and a part of the month of November, 35480
1918, the United States was maintaining a toluol plant at Astoria?

A. Yes.

Q. From your investigation of the records of the company, did you not also ascertain that so far as the quantity of oil used at the water gas plant during those months was concerned, the company used the same as it did in the year before, or the other months, or substantially the same quantity?

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial; the paper speaks for itself.

The Master: Objection overruled. 35481

Mr. O'Brien: Exception.

A. I did not investigate particularly the quantities of oil used in those particular months in connection with the toluol operations.

Q. Well, in connection with the manufacture of gas, did you not ascertain that during these particular months the company used at the water gas plant C, substantially the same quantity of oil that it used in other months for manufacturing the higher candle power gas?

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial; the papers speak for themselves.

The Master: Objection overruled.

Mr. O'Brien: Exception.

Q. So far as the gas plant is concerned—I am not asking anything about what the toluol plant did—I am asking you what the company did at its own works before the toluol plant got the company's gas?

A. I did not investigate particularly the amount of oil used each month; I did not go into that question.

35483 Q. Now, with regard to the total, with regard to the column headed "Total" on page 7, and the same on page 8, what did you intend to show for candle power?

A. The arithmetical average of the figures given for the months in each year.

Q. Was this your own arithmetical calculation, or was it a figure taken from the monthly report of manufacture?

A. It was my own computation and I intended to say so in the report.

Q. And that was wholly distinct from the figures shown in the reports?

35484 A. In your own reports?

Q. Yes.

A. Yes.

Q. Did you intend by that column, apart from the fact that your results were inaccurate because the other figures for water gas candle power were wrong—intend to show there the composite candle power of the coal gas manufactured at Plant A and Plant B and the water gas manufactured at Plant C, before any enrichment at Ravenswood, or after enrichment at Ravenswood?

A. That was before any enrichment at Ravenswood, as I understand it. These monthly figures are simply taken, or attempted to be taken from your monthly reports, and as I understand it, these candle power figures refer to the gas as it was made at Astoria.

Q. But the total candle power is intended to refer to all of the coal gas and all of the water gas manufactured at the Astoria plant?

A. Yes.

The Master: For treatment elsewhere?

The Witness: For treatment either at Astoria or elsewhere. 35486

Q. In arriving at these totals you took into account the figures which you first assumed for Plant C as the candle power?

A. Yes.

Q. And then the errors in those figures makes the total candle power also wrong?

A. That would affect the total candle power.

Q. Did you find any record showing that the total gas made at the Astoria plant is mixed at any specific point?

A. No, I did not.

Q. Going back to page 1 of your report, you refer there to the method of charging the Consolidated Gas 35487
Company for gas supplied by the Astoria plant, and you say that there is added to the various charges interest on the investment according to the books of the Astoria Light, Heat & Power Company at seven per cent per annum. Did you not ascertain the fact that for the years 1918 and 1919, the interest was not computed upon the total investment shown according to the books, but only upon the balance left after deducting from the book figures the cost of portions of the Astoria plant used by the Government in its toluol and carbonizing work?

35488 Andrew Sangster, Cross.

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial.

The Master: Objection overruled.

Mr. O'Brien: Exception.

A. No, I did not.

Q. Did you compare the investment figure upon which the seven per cent was actually charged with the book figure?

A. No, sir. The interest charge is made every month. It would be quite an undertaking to make any such comparison.

35489 Q. In showing on page 2, under the caption, "Operating Revenue," the rents and miscellaneous revenue for 1918, did you not in fact make a deduction from the total shown upon the company's books for the items of interest on insurance participation certificates of $6,748.15, and the item of interest on bank balances of $4,075.08, or a total deduction made by you of $10,823.23?

A. I made no deduction, but I showed those items separately.

Q. Did you include those items in your computation of rents and miscellaneous revenue for 1918?

A. No, I did not. I do not call that miscellaneous

35490 revenue, interest receipts do not constitute miscellaneous revenue.

Q. Because it comes from sources not involved in the manufacture of gas?

A. Yes.

Q. And for 1919, you treated those miscellaneous revenues from similar sources in the same way?

A. I treated interest receipts in the same way.

(Cross-examination of the witness temporarily suspended.)

JOHN J. BOYLAN recalled.

DIRECT-EXAMINATION CONTINUED BY MR. CHAMBERS:

Mr. Ransom: May I ask, is this the last time you expect to put Mr. Boylan on in this case?

Mr. Chambers: I will answer that, sir. It is not—if all goes well.

Q. Senator, you have made some computations with regard to Block 1157, Lot 1, have you not?

A. Yes, sir; I did.

Q. I will ask you for the purpose of the computation which you have made to assume that in 1906, the value of that lot and block as it occupied the entire block bounded on the west by West End Avenue, on the north by West 66th Street, on the south by West 65th Street, and on the east by— 35492

A. The entire block was owned by the company; the westerly half of it was occupied.

Mr. Ransom: I move to strike out the statement of the witness that the westerly half was occupied. In the first place the witness does not know anything about it, and he is undertaking merely with one sweeping statement—

The Master: I will strike it out as not responsive. I think that is sufficient ground for it. 35493

Q. Assuming that the entire property—

The Master: The entire block.

Q. (Continued.) The entire block is 800 feet on West 66th Street and 800 feet on West 65th Street, by 200 feet 10 inches on West End Avenue, and the other easterly end is of a value of $500,000 in 1906.

A. Yes, sir; I have.

Q. Can you tell me, using that as the assumed value of the whole property, what proportion that part of the lot would bear which is 300 feet from the easterly

end, as shown on page 11 of Defendants' Exhibit AA126?

Mr. Ransom: I object to the question as incompetent.

Q. (Continued.) Or rather just the other way around, what the 500 feet of that would be?

The Master: Beginning at West End Avenue.

Mr. Chambers: Beginning on West End Avenue, taking the value as I have given it.

The Master: The westerly 500 feet of the
35495 block, you mean.

Mr. Ransom: I object to it as immaterial and incompetent.

The Master: Objection overruled.

Mr. Ransom: There is no foundation laid for it. The witness has not shown any familiarity with that property at that time. It is purely a mathematical calculation. Exception.

A. $263,000.

Q. Assuming the valuation of the whole lot in 1907, was $550,000, will you state what the 500 feet as shown on page 11 would be worth, with that assumption of value?

35496 The Master: In that year?

Mr. Chambers: In that year.

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. Ransom: Exception.

A. $287,500.

Q. And if you assume the same value for 1908 and 1909, for the whole block?

A. In each case the value of the westerly part would be $287,500.

Q. Meaning the westerly 500 feet fronting on West End Avenue?

A. Yes, sir.

Q. Block 1457, Lot 6. Assume that in the year 1906, the total value of that Lot 6, Block 1457, was $125,000, can you state what is the value on that assumption of that portion of it described as Parcel 1 on Sheet 10 of Defendants' Exhibit AA126?

Mr. Ransom: I object to the question as immaterial and incompetent.

The Master: Objection overruled.

Mr. Ransom: It does not relate to any time within the scope of the issues in this case. The Attorney General cannot come in here and carve 35498
up this company's property and destroy its investment in any way that suits his temporary fancy.

The Master: Objection overruled.

Mr. Ransom: Exception.

A. $113,000.

Q. And Parcel 2 for that same year 1906, on the same assumption—Parcel 2 as shown on that same sheet 10?

A. $12,000.

Mr. Ransom: This is all over my objection and exception.

The Master: Yes. 35499

Q. Take the same Block 1457, Lot 6, in 1912, and assume the value of the whole lot was $145,000, would you state what proportion of that valuation Parcel 1, as shown on Sheet 10 of the same Exhibit AA126, bears to the whole lot?

A. $132,000.

Q. And in 1913, the same assumed valuation?

A. Yes, sir, the same valuation in 1913.

Q. And in 1914, assume the same valuation?

A. 1914; yes, sir.

35500 John J. Boylan, Direct.

Q. Assumed to be $132,000 for 1913, 1914 and 1915, for Parcel 1, with the same assumed valuation for the whole parcel?

A. Yes, sir.

Q. Block 1704, Lot 1. Assume that in the year 1906, Block 1704, Lot 1, was of a value of $285,000, will you state what proportion of that valuation Parcel 1, so designated on Sheet 15 of Defendants' Exhibit AA120, would bear to that total valuation so assumed?

Mr. Ransom: Objected to. The witness has not shown any such familiarity with properties in
33501 this Pleasant Avenue region which would qualify him to give any such computation or make any such estimate of value as of 1906, or subsequent time.

The Master: Objection overruled.

Mr. Ransom: Exception.

A. $78,000.

Q. Under the same assumed valuation for 1906, of the whole parcel, what proportion would Parcel 2, so designated on Sheet 15 of the same exhibit, bear to the whole?

Mr. Ransom: I object. It does not seem to me that because the man is in the real estate busi-
35502 ness, in a very limited section of the Lower West Side, he thereby becomes qualified to testify to values in remote portions of the city, not in the field in which he has been shown to have any knowledge or any dealings.

The Master: Overruled.

Mr. Ransom: Exception.

A. $93,000.

Q. Assume the same valuation in 1907, the amounts that you have given for Parcel 1 and Parcel 2 would be the same, would they not?

A. Yes, sir; they would.

Q. In 1908, change the assumed valuation of the whole lot and block to $355,000 and will you now state what valuation Parcel 1 would bear to the whole lot?

A. $98,000.

Q. And assume the same valuation for the same year, 1918, for the whole lot, will you state what the relative proportion of the value said Parcel 2 would bear to the whole?

Mr. Ransom: Same objection.

The Master: Do you mean 1918 or 1908?

Mr. Chambers: 1908. 35504

The Master: You said 1918.

Mr. Chambers: I will change it to 1908.

A. $116,000.

Q. For the years 1909 and 1910, take the same lot and block, and if the assumed valuation was the same for the whole lot, Parcels 1 and 2 would be of the same value that you have just given for 1908?

A. Yes, sir; they would.

Q. In 1911, assume the valuation of the whole lot to be $450,000—well, I will cover all those in one. Assume for 1911, 1912 and 1913, the total valuation of the whole lot was $450,000, will you state what proportion Parcel 1 and Parcel 2 would bear to the 35505 whole for those years?

Mr. Ransom: I object to the question on the grounds already indicated, and on the ground that the witness has not in any way shown knowledge of sales or rentals or anything else in that region; he is not in any way disclosing whether he is making a purely mathematical calculation or whether he is basing it on any knowledge of the relative values of portions of the city blocks. The testimony does not have any bearing on any issues here, but relates in part to a time when the

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property was not owned by the company, was not used in this business, and is quite outside the issues anyway.

The Master: Overruled.

Mr. Ransom: Exception.

A. $123,000 for Parcel No. 1 in 1911, 1912 and 1913; $148,000 for Parcel No. 2 in 1911, 1912 and 1913.

Q. Take the year 1914, Lot 5 of that same block, and assume it had a valuation of $335,000, can you say what proportion Parcel 2 would bear to the whole
35507 on that assumption?

Mr. Ransom: Same objection as previously indicated.

The Master: Same ruling.

Mr. Moran: Exception. This testimony simply represents an effort on the part of the Attorney General to make us try fifteen rate cases instead of one in this dispute.

A. $148,000.

Q. Take Block 1991, Lot 1.

Mr. Ransom: You mean 991, don't you?

A. It is 1989, Lot 1, on West 132nd Street.

Q. It is Block 1989, Lot 1. Assume that in 1906,
35508 for that Block 1989, Lot 1, its total valuation was $265,000 and the same for 1907, 1908, 1909 and 1910. On that assumption will you state what is the value of the west 250 feet, that is the 250 feet fronting on Twelfth Avenue, with a frontage of 199 feet 10 inches on Twelfth Avenue, as shown on page 17 of Defendants' Exhibit AA126?

Mr. Ransom: I object to the question on the grounds previously indicated, and upon the further ground that the witness as to this parcel, also, had no knowledge of the property at that time, or sufficient knowledge of sales or values or any-

thing else to warrant an expression of his opinion as to any of these years; on the further ground that this question and this whole line of inquiry has deliberately been made to relate by the Attorney General to a period which excludes any period which is within the issues in this case, namely, covering only 1906 to 1916. He is very carefully avoiding dealing with any period within the issues in this case.

The Master: Overruled.

Mr. Ransom: Exception.

A. $104,000. 35510

Q. For each of the years named?

A. For each of the years named.

Q. Assume that the same Block 1999, Lot 1, ha' a valuation in 1911, 1912, 1913 and 1914 of $415,000, will you state what proportion the same westerly 250 feet bear to the total?

Mr. Ransom: Same objection.

The Master: Same ruling.

Mr. Chambers: That is, its value, if that is the value of the whole.

Mr. Ransom: There is no warrant for this separation of this 250 feet—property which the company owned and was using, represented its 35511 investment.

A. $1,615,000 for each year named.

Mr. Chambers: That is all.

Mr. Ransom: I think I should stand on my objections and exceptions with respect to this line of inquiry. If I conclude I have a few questions I will ask leave to ask them at one of the witness's subsequent appearances.

By the Master:

Q. Senator, while you are here I would like to get on the record this fact which I noticed passing by the

35512 Andrew Sangster, Cross.

other day—that the building in 57th Street, that 13-story building immediately to the east of the Consolidated office, is the corner building at Seventh Avenue and 57th Street?

A. Yes, sir; it is.

Q. So that the plot I think that building stands on, beginning at the easterly end of the Consolidated lot, runs to and around the corner into Seventh Avenue?

A. Yes, sir, it does.

Q. I just wanted that on the record to make it right, because it might appear from the record that it was
35513 an interior lot; so I wanted to make it clear.

A. I did not know. I thought I had stated that.

The Master: You may have, at that. I have not read the testimony, but as I passed up the street the other day I noticed it.

Mr. Ransom: May I ask what day you expect to have the senator back?

Mr. Chambers: I may never call him. It all depends on how much time I have.

Andrew Sangster resumed the stand.

35514 Cross-examination continued by Mr. Goetz:

Q. Mr. Sangster, in your computation of the operating revenue you exclude those miscellaneous interest items, I understand, because they were not derived from the process of manufacturing and selling the gas?

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial. He did not say that at all. You are assuming or putting into his mouth words that he did not use.

The Master: Objection overruled.

Mr. O'Brien: Exception.

A. They were not taken into account because I do not consider that interest revenue or interest credits

are to be included in the category of miscellaneous revenues of operations.

Q. Of the operations of a company or the operations of a gas plant?

A. Of the operations due to the gas business.

Q. On page 3 of your report, in which you show the operating expenses of the Astoria Company for 1918 and the eight months of 1919, have you not excluded from the item of taxes the charges appearing upon the company's books for interest upon taxes during those years?

A. No. 35516.

Q. You have not excluded?

A. No.

Q. In other words, the figures for taxes include the interest upon taxes shown upon the company's books?

A. Yes.

Q. You are sure about that?

A. Quite sure. You will find it on the table, on page 33.

Q. Have you included the interest on unpaid taxes for 1919 also?

The Master: 1918.

Mr. Goetz: No, for 1919. He says he did include it for 1918.

A. No, you asked me for those years. 35517.

Q. No, for the eight months of 1919 did you include the unpaid taxes in your computation of operating expenses?

A. You show under the taxes payable for the year 1919 interest on unpaid taxes $21,214.03. I have not disturbed that item.

The Master: How about 1918?

The Witness: There is no interest shown for 1918 in their tax account that is in the basis that they used for accruing taxes for the year 1918.

35518 Andrew Sangster, Cross.

Q. On page 3 the figures which you there show for net operating income for the year 1918 and the eight months of 1919 are not precisely the figures that appear upon the company's books, but are the result of the adjustments which you have already mentioned in the revenue statement?

A. They are your own figures. They are not adjusted in any way.

Q. In other words, net operating income $1,254,904.26 are the precise figures appearing upon the Astoria Company's books?

35519 A. For the items included in this table.

Q. But that does not include the miscellaneous interest revenues?

A. No, it does not.

Q. And the same for 1919?

A. The same for 1919.

Q. Has the company an item upon its books Net Operating Revenue $1,254,904.26?

A. No, the company has got a very loose system of gathering up all these items and other general items in a profit and loss account.

Q. Are you familiar with the uniform system of accounts prescribed by the Commission?

35520 A. Yes.

Q. Does not the company in its accounts follow that system?

A. No, it does not by any means.

Q. In what respect?

A. It does not keep—it does not show its—

Q. Its accrued amortization of capital; is that what you mean to say?

Mr. O'Brien: Just let him talk, now; do not interrupt him.

The Master: Do not interrupt.

A. It does not show in its books the gross income from gas business, nor the net income from gas business. It simply has all these different items gathered, as I see it, in one general profit and loss account, and the Public Service Commission prescribes other methods of showing the results of the operations for any one year.

Q. Does the Public Service Commission uniform system of accounts require the company to show upon its books the gross income from gas operations in one figure?

A. I am not quite sure just about that particular 35522
item, whether it is required actually to keep an account which would gather up various items that go into gross income from operation.

Q. You say the company itself does not do that?

A. No, it does not, but it might very well do so.

Q. If you do not know whether the uniform system of accounts requires it or not, how do you know that the company has not complied in that respect with the uniform system of accounts?

Mr. O'Brien: That is not what he said.

Mr. Goetz: That is just what he said.

Mr. O'Brien: You have twisted that a little.

Mr. Goetz: That is what Mr. Teele criticized 35523
in the uniform system of accounts.

The Master: Answer the question, Mr. Sangster.

A. What is that question?

Q. If you do not know whether the uniform system of accounts requires it or not, how do you know that the company has not complied in that respect with the uniform system of accounts?

Mr. O'Brien: The witness did not say, your Honor, that in that particular they did not conform with the uniform system of accounts.

Mr. Goetz: Yes, he mentions that as one of the particulars in which they did not comply with the uniform system of accounts.

Mr. O'Brien: He said they did not conform in many particulars.

Mr. Goetz: He said that is one of the particulars.

The Master: The witness was directed to answer the question. It will be read to him again.

(The question was read by the stenographer.)

A. I cannot say with regard to the item of gross
35525 income from operations.

Q. It is fair to say that you do not agree with the company as to what does or does not constitute gas income or other income; is that a correct inference from your testimony?

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial, your Honor. The Court will say what profits ought to be included. Our contention right along has been that moneys other than those derived from the gas operations—

Mr. Goetz: I am asking the witness whether he agrees with that.

35526 Mr. O'Brien (continuing): It must be accounted for and included in the revenue that is to be taken into account in a rate case.

The Master: I will take this.

Mr. O'Brien: Excess profits invested drawing interest certainly should be included in the revenues of the company. How they may be separated on books and accounts set up does not make any difference.

Mr. Ransom: The excess profits question does not arise in this case, because there are no such questions here.

Mr. O'Brien: You have about nineteen million out, loaned to companies—nineteen million cold cash income out on loan.

Mr. Goetz: It never came from the gas. Will you answer that question, Mr. Sangster?

A. I cannot say whether or not I agree or differ with what the company considered to be net income from gas, because the books do not show what is the net income from gas.

Q. You have shown it here, have you not, in your computation?

A. I have made a table showing what I believe to 35528
be the net operating income.

Q. You have not anywhere been able to find in the company's records a computation showing what the company deemed to be its net operating income during the year 1918?

A. Not on the general ledger of the company.

Q. Well, any other books?

A. Not that I recall.

Q. Have you had occasion to examine the books of account of any other gas companies in the City of New York subject to the jurisdiction of the First District Commission?

Mr. O'Brien: Objected to as incompetent, ir- 35529
relevant and immaterial. We do not care about the Public Service Commission of the First District or Second District.

The Master: Objection overruled.

Mr. O'Brien: Exception.

A. I have seen the records of the Consolidated Gas Company.

Q. Have you found that in that company's general operating ledger there is an account showing the net operating income?

A. I have not gone through the ledger of that company to see what different accounts it keeps.

35530

Q. Haven't you gone far enough to know that there is no such account in the Consolidated Gas Company's operating ledger or in any other gas company's operating ledger in the City of New York?

A. I have not.

Q. Referring to page 4 you there state that "On the basis of sales, the total operating expenses at Astoria according to the books for the year 1918 is $0.49970, and for the eight months ended August 31, 1919, $0.57446 per thousand cubic feet." Were those the figures given to you by the Consolidated Gas Com-
35531 pany to which you refer on page 3 as having been furnished to you by the company?

A. No, they are not. These are the total—

Q. I said page 3. I meant page 4.

A. You are speaking from page 4.

Q. Yes.

A. These average costs are the averages shown on page 3 of the total operating expenses expressed in cents per thousand cubic feet of sales.

Q. What analysis of these figures was furnished to you by the Consolidated Gas Company which you say was not shown upon the books but was given to you otherwise? You say, "This analysis of the amount
35532 received from the Consolidated Gas Company is not shown on the books of the Astoria Company but has been furnished to me by the Gas Company." What was furnished to you by the Gas Company?

A. You are speaking of some analysis. I am referring to the division of the amount paid by the Consolidated Gas Company to the Astoria Company into the amount representing operating expense and the amount representing return on investment. That was what was furnished to me by the company.

Q. And these rates per thousand cubic feet are your own computations based upon what you have stated

to be the income of the company or the operating expenses and operating revenues of the company?

A. I am comparing the amount which was stated to have been received from the Consolidated Gas Company with the amount expressed in cents per thousand cubic feet of sales, based on your book figures.

Q. Is this figure for the eight months ended August 31, 1918, .57446 cents, taken from the books or information furnished to you by the Astoria Company, or is this your own computation based upon the figures of operating expenses that you show in the pre- 35534
ceding pages?

A. It is based upon the total operating expenses as given on page 3 for the eight months of 1919, divided by the total sales for these eight months.

Q. .57446 cents per thousand cubic feet is a reproduction of the same figures on the preceding page, shown on the line "Total Operating Expenses"; is that correct?

A. Yes.

Q. Reverting to page 3, you said that you included in your figures for the eight months of 1919, for taxes which you say are $436,434.85, an amount for the interest on taxes? 35535

A. You say page 3?

Q. Of your report. I am directing your attention to that so that we can follow this out more closely. You show $436,434.85 for taxes?

The Master: For 1918.

Mr. Goetz: For the eight months of 1919.

The Master: In the second column.

A. Yes, that is right.

Q. You say that includes the interest on unpaid taxes?

A. I do not know whether that figure includes interest on unpaid taxes or not.

35536 Andrew Sangster, Cross.

Q. I show you the General Ledger No. 4 of the Astoria Company and ask you whether you did not use this book in order to transcribe your figures as to taxes? Is this the book you used?

A. This is the account showing the amount that you accrued for taxes for the eight months of 1919, and it is the figure which I include on page 3.

Q. And this General Ledger shows at page 133 that the company accrued up to August 31, 1919, for the eight months of 1919, $436,434.85?

A. Yes.

35537 Q. And this is shown under the account entitled "Taxes"?

A. Taxes, on page 133.

Q. Now, I show you on page 135 an account entitled "Interest on Unpaid Taxes." Is it not a fact that there is there shown to have been accrued by the company for interest on unpaid taxes, $10,607 up to August 31, 1919?

A. Yes, it does.

Q. Your figure which you show there for taxes does not include interest on the unpaid taxes here shown?

A. The figure on page 3 does not, but I have al-

35538 lowed interest on unpaid taxes in my calculation.

Q. In your calculation on page 3 of net operating income you have not allowed the interest on unpaid taxes, have you?

A. Well, the question can best be answered by the statement in the report here, showing just how that figure is obtained.

Q. Well, I am asking you whether the figure $955,742.87, net operating income for the eight months of 1919, shown on page 3 of your report, includes or takes account of the ten thousand odd dollars of interest on unpaid taxes for the eight months of that year?

A. It may be sufficient to cover interest on unpaid taxes.

Q. I am asking you whether this figure does include it or does not include it. Can't you answer that question?

A. No, I cannot, because it has no reference to the inclusion or exclusion of interest. It is a provision which is based on the previous year's taxes, and that is all it is.

Mr. O'Brien: It is estimated.

The Witness: It is estimated. There is no reference to any particular thing. 35540

Q. On page 4 you say that this figure of $955,742.87 represents the total of operating expenses at Astoria according to the books of the company. Isn't that what you say?

Mr. O'Brien: Did you say page 4?

Mr. Goetz: Yes.

Mr. Vilas: At the top of page 4.

A. It says that this figure represents the total operating expenses at Astoria, according to the books.

Q. Yes. Now, then, according to the books the total operating expenses of Astoria showed an item for interest on unpaid taxes, for the eight months of 1919, did it not? Did not the books show that? 35541

A. You have an account Interest on Unpaid Taxes in your books. Your tax figure is a provision—merely provisional for the eight months, until you know at the end of the year how much it will be; and you have shown in your statements that you do include that interest when you figure it out.

Q. Is that an estimate of the interest accruing on unpaid taxes, or is that computation based upon the legal rate for penalties for unpaid taxes?

A. It is a rate which you have adopted on the provisional basis, using the previous year's taxes as a

guide. There is no reference to any particular item. It may be sufficient to include interest and it may not. The thing is perfectly plain and perfectly clear.

Q. If the company does not pay the taxes which have not been paid in the prior year, will it not have to pay interest accruing from January 1 to August 31 on those taxes?

A. If it does not pay them promptly on the due date it will have to include interest.

Q. You say at page 33 you have shown the interest on unpaid taxes in your computation?

35543 A. Yes.

Q. But you do not show that on page 3, do you?

A. I am afraid I cannot make it any plainer, Mr. Goetz. The provision for taxes for the eight months of 1919 is calculated on a basis of so many cents per thousand feet, and may or may not be sufficient.

Q. I am not asking whether it is sufficient or not, I am asking you whether in your figures of $955,742.87 you have included an item of ten thousand odd dollars for interest on unpaid taxes. Isn't that a perfectly plain question?

Mr. O'Brien: It is not $10,000. Let us get that correct, Mr. Goetz.

35544 Mr. Goetz: Isn't that perfectly simple?

Mr. O'Brien: It is $2,000. Do not be singing big figures into the record.

Mr. Goetz: It is $10,000. August 31st it is $10,607.

Mr. O'Brien: No, it is $2,000.

Mr. Goetz: $2,651 is for the month of August alone, not for the eight months of 1919. Do not try to befog the record by any such falsehoods.

The Master: We will stop this discussion right now.

By the Master:

Q. Mr. Sangster, what you have done in your figures on page 3 is to take the figures set up on the books as the estimated accrued taxes?

A. Yes, sir.

Q. For that period?

A. For that period.

Q. You did not include or add to it the additional item of interest on taxes shown on page 134?

A. No, I did not.

By Mr. Goetz:

Q. At page 4 you point out that no account is 35546
taken of the miscellaneous revenue received by the Astoria Company in the cost of its operations. By miscellaneous revenue do you mean the—well, what miscellaneous revenue do you mean?

A. The items enumerated on pages 5 and 6, total $49,412.97 for the year 1918 and $33,300.76 for the eight months of 1919.

Q. And those are the items of payments made by the Government for the rental of property at Astoria?

A. Yes, mostly. They include a few other items, but they represent that in the main.

Q. They were not payments for any items made by 35547
the Government because of extraction of light oils from the gas?

A. Yes, they include one item for the proportion of the estimated loss in the volume of the gas produced, due to the extraction of light oils, from August 7 to November 30, 1918.

Q. But they include no other item of compensation to the company for the extraction of light oils from the gas?

A. No, they are mainly rentals and payments for the use of land and equipment.

35548 Andrew Sangster, Cross.

Q. You have not found that the company has received any compensation from the Government other than what you have shown here for the extraction of light oils from the gas?

A. The company has charged the Government for steam and for—

Q. No, I mean for the—

Mr. O'Brien: Just a minute now; let him answer.

Mr. Goetz: Well, I am asking about the extraction of light oils and not about steam.

35549 Mr. Chambers: That is compensation.

Q. Have you found any record of any compensation made by the Government to the Astoria Company on account of the extraction of the light oils from the gas, except as you have shown here on pages 4 and 5—or 5 and 6?

A. Do you mean in addition to this item I was reading, of $2,317.57?

Q. Yes.

A. Yes, but not in this miscellaneous revenue. You have it under undistributed adjustments—certain further sums similar to this for estimated loss in the volume of the gas.

35550 Q. Where have you shown that in your computation?

A. Well, these are not my computations; these are book figures.

Q. Where have you shown this in your report? Where have you shown the other compensations received by the Astoria Company from the Government for the extraction of light oils from gas manufactured?

A. On page 24 you will find certain further sums shown under the year 1918.

35551

Q. The sums to which you refer are steam and loss in volume?

A. Yes.

Q. In the year 1918?

A. The second item, as I understand your question, would apply to the point you have in mind—if I understand you correctly.

Q. That is all that you found the Government had paid the company on that account?

A. That is on coal gas. Then on page 31 you will find the item applying to water gas operations for the year 1918, $5,426.27.

35552

Q. And those were paid on account of the loss in volume of gas?

A. So I understand.

Q. This adjustment which you made on page 7, of $8,074.28, transferring the charge from 1919 to 1918, is one of the overlaps you found in the books?

A. That is transferred from 1918 to 1919.

Q. Was it transferred upon the books of the company?

A. No. Obviously not, for I show that it is included in the 1919, and I have adjusted it so as to include it under 1918.

Q. Did you make any examination of the 1917 and 1918 books to ascertain whether there were any overlaps which were charged to 1918 that might be charged to 1917?

35553

A. I did not find any other items like these appearing in 1918 that might be applied to 1917.

Mr. O'Brien: Well, what do you mean by an overlap, Mr. Goetz? Is that a Con.-Gas term?

Mr. Goetz: You are perfectly familiar with it. You have used it again and again yourself.

Mr. O'Brien: Overlap? Not I.

Q. On page 10 of your report, at the bottom of the page, you say, "Of course, the percentage appearing in the last two columns must be read in connection with the candle power averages for each month given in the tables on pages 7 and 8." You refer to the tables shown on pages 7 and 8 in which certain errors are pointed out?

A. These are the tables on pages 7 and 8 where we found certain differences.

Q. On page 11 you state that "As a general remark it should be stated that the unit costs are de-
35555 rived by dividing the total costs by the cubic feet of gas made, after deducting from the latter the estimated loss of volume due to light oil operations." Is that what you did in making your computations—you took the net gas made and not the gross gas made, or is this something which you say the company did? You say, "The unit costs are derived." Derived by you or derived by the company?

A. Derived by me. These unit costs are not shown in the company's records.

Q. In dividing your net make of gas into the cost did you take the gross cost or the cost after deducting the amount paid to the company by reason of the
35556 loss in volume of gas?

A. That will depend upon the cost figures that you refer to. The net cost after crediting the amount received from the Government due to loss in volume will, of course, be the same in cents per thousand cubic feet.

Q. No, I am asking you whether in arriving at your unit costs shown in this report you divide the net make into the net cost or the gross cost? Did you in both cases allow for the deduction by reason of the loss in volume of gas, or did you only make that deduction in respect to the quantity of gas that you assumed?

A. Well, perhaps I can explain it by saying that on page 3 all the unit costs shown there are derived by taking the net amount of gas manufactured after allowing for loss in volume due to light oil operations, and dividing it into the net cost of production, after crediting the amount received from the Government due to that loss. All costs shown in this report—that is, all unit costs—are derived by taking the gross cost of manufacturing down to the point where I showed credit for amounts received from the Government due to light oil operations. After that point there is, of course, no difference. 35558

Q. In taking your costs of coal and oil and other costs, before arriving at the net income, did you reduce the amount in dollars and cents by the amount received from the Government for the loss in volume, or did you take the gross amount in arriving at your unit costs?

A. I took the gross amount. I could not do otherwise.

Q. But you used the net make and not the gross make?

A. Yes.

Q. At page 12, referring to the coal gas labor, are the comparisons there made solely upon the basis of 35559 the expenditures made by the Astoria Company, or do they take into account any specific operating conditions encountered by the company during the year 1918 and the eight months of 1919?

Mr. O'Brien: I object to that as vague.

The Master: Overruled.

Mr. O'Brien: Exception.

A. These are the costs based on the results experienced by the company during the year 1918 and eight months of 1919. If there were any special conditions affecting these costs they were reflected in these figures.

35560 Andrew Sangster, Cross.

Q. Did you know that in the year 1918 the Fuel Administrator fixed the price for coke which the Government purchased from the Astoria Company?

A. I knew that the Fuel Administrator had fixed prices for coke.

Q. Do you claim to have any experience qualifying you to give the relative value of coke and coal in the manufacture of coal gas and water gas?

Mr. O'Brien: Objected to.

A. No, I do not.

Mr. O'Brien: Objected to.

35561 The Master: Overruled.

Mr. O'Brien: Exception.

Q. On pages 21 and 22, have you not there attempted to work up a formula of what it would cost to enrich coal gas manufactured at plant "A" at Astoria, if the same quantity of oil was used for the enrichment of that gas as was used for the enrichment of the coal gas manufactured at plant "B" and sent to Ravenswood?

A. I have made a computation of cost of enriching gas at Astoria, not sent to Ravenswood for enrichment, from whichever plant it may have been obtained.

35562 Q. And based upon the—

A. Based upon the figures which I have computed on the basis of the quantities shown in vouchers of the New Amsterdam Gas Company for enriching gas sent to it by the Astoria Company.

Q. Do you know how the cost of enrichment at Ravenswood is computed?

A. It is based on the gallons of oil used in the enrichment, less the credits due for drip oil and oil tar.

Q. How are the gallons used at Ravenswood for enrichment arrived at, do you know?

A. It is determined by taking the candle power, difference in candle power at the inlet and outlet of the Ravenswood holder, as I understand it.

Q. How is the gallonage of oil determined by the differences in candle power, do you know?

A. I am not sufficiently familiar with it that I can say off-hand at this present time, but I have looked into it.

Q. Are you sufficiently familiar with the enrichment of coal gas and the use of oil for enrichment purposes, and the use of richer gas for enrichment purposes, to be able to state what would be the result in the quality of the gas at some given point on a distributing system of the Consolidated Gas Company if the coal gas from plant "A," instead of being enriched by the water gas from plant "C," were enriched at Astoria by simply the addition of the quantity of oil which you claim is used at Ravenswood for enrichment of coal gas of plant "B"? 35564

Mr. O'Brien: I object to that, your Honor. That is an engineering problem. I better ask that of Mr. Woods.

Mr. Goetz: I confess it is a very intricate engineering problem.

Mr. O'Brien: You confess it? 35565

Mr. Goetz: I do.

Mr. O'Brien: You concede it?

Mr. Goetz: I concede it is a very intricate engineering problem and I ask Mr. Sangster whether he considers himself—

The Master: How is it proper cross? Has Mr. Sangster attempted to set up any—

Mr. Goetz: As Mr. Sangster has just testified, he has attempted to set up, as I understand this document by reading it, the substitution of a different method of enriching gas than that which is now used at Astoria.

The Master: Then I will allow the question.

Mr. Goetz: The gas from plant "A" is enriched at Astoria by—

The Master: I got your point. Answer the question, Mr. Sangster.

Mr. O'Brien: He asks him if he claims to be able to unravel that question.

By the Master:

Q. Do you believe you are competent to say that is a better way of doing it, the way you suggest?

A. I have simply made a computation which would
35567 assume that, on the basis of ascertaining the cost of enriching at Ravenswood, it would be the same as at Astoria, regardless of the fact whether there is any difference in the conditions, and that gas enriched at Astoria, by the fact that they have a water gas plant adjacent and available, would possibly make some difference in the proposition, but I have not gone into it in that respect.

Q. Have you any table here which shows what you claim to be the actual cost of producing the gas at the Astoria plant, taking Plants A, B and C together?

A. Without reference to the enrichment? As to existing costs?

35568 The Master: They do not send gas for enrichment to Ravenswood now, do they?

Mr. Goetz: Yes, from Plant B, the coke Plant B, it goes to Ravenswood. It is enriched at Astoria by high candle power water gas.

The Master: I thought you enriched it all over in Astoria now.

The Witness: You see, they have in their coal gas costs the cost of enriching a part of that coal gas, namely, that part which went to Ravenswood, and I have made a computation which will give some idea of what the cost would

have been for the total coal gas had it been sent to Ravenswood. That is what it really amounts to, your Honor.

Q. Have you got a computation of what the entire cost would have been if it had all been enriched at Astoria?

A. No, sir, I am not able to say what would be the—I am simply accepting the costs on the basis of the oil stated to have been used for a certain quantity of gas sent to Ravenswood.

The Master: I had the impression it was all enriched right over there now. 35570

Mr. Goetz: The quantity of gas at Ravenswood is about a fifth of the total quantity of gas manufactured at Astoria; is that your recollection?

The Witness: Yes, about a fifth.

Q. What is the production of Plant "A"?

A. Plant "A" is about 1,800,000,000; Plant "B" is about 1,200,000,000 in the latest estimates.

Q. In the year, you mean?

A. Yes.

Q. It means 1,800,000 M's, does it not, and 1,200,000 M's?

A. Yes. 35571

Q. What do they rate it at?

A. The same capacity, I believe.

Mr. Goetz: 50,000,000 total; that is, ten and ten for the coal gas and thirty for the water gas.

The Master: 10,000,000 a day?

The Witness: Yes.

The Master: I am talking about the year.

Mr. Goetz: You cannot arrive at the yearly result except by operating 365 days, or 250 days, depending on the demands of the public; not

what the plant will do. In the summer time if you do not consume the gas you cannot manufacture it.

The Master: I understand that.

Mr. Goetz: I am only indicating why I did not answer on the capacity of the year.

The Master: I remember that Mr. Woods said something about not operating those plants to the extent that they could operate them, because they were taking care of it at some other plants.

35573 Q. You have a table here that shows what it actually cost them to make the water gas at Astoria, have you?

A. Yes, sir, keeping in mind that your water gas is of a higher candle power in order to enrich the gas that they do not send to Ravenswood. That is always the trouble.

By Mr. Goetz:

Q. Yes, but you have made a computation here to show what would be the candle power of the water gas if only enough of the enrichment qualities were taken out to enrich the coal gas from Plant "B" equivalent to the enrichment at Ravenswood?

35574 A. No, I have not. I have not made any computations relative to candle power.

Q. Relative to candle power?

A. Yes.

Q. Well, haven't you computed what the quantity of oil was at Ravenswood for the candle power shown in the difference between the gas when it was received there and the gas that was sent out from Ravenswood?

A. Oh, I simply take the gallons of oil used divided by the cubic feet of gas sent to Ravenswood. That

has nothing to do with the candle power; at least the computation does not depend on the candle power.

Q. You say that the charge of the Amsterdam Company for this enrichment is based upon the candle power—is it not?

A. I believe it is. I understand it is, but my computation—you asked me if I had not made a computation showing what the candle power at Astoria is, at the water gas plant, after making certain assumptions in regard to the enriching of the coal gas not sent to Ravenswood. I have not made any such calculation. 35576

By the Master:

Q. Where is your table that shows what it cost to make water gas?

A. Page 31 shows the cost of all items chargeable to water gas, after making the adjustment on the basis of the estimate.

Q. That is for the eight months of 1919?

A. That is for the year 1918 and the eight months of 1919.

Mr. Goetz: But may I call your Honor's attention to the fact that the gas oil there is adjusted to the quantity upon the hypothetical computation which Mr. Sangster made as to the 35577 gas oil which could be extracted or could be saved at the water gas Plant "C" by enriching coal gas from Plant "B" by the same quantity of oil that it is enriched with at Ravenswood.

The Witness: Statement No. 6, your Honor, I think is what you are probably asking me about. No. 6 shows the costs before making the adjustments or estimates, taken from the books of the company. Of course, in every case the unit cost, that is the figures shown in cents per thousand cubic feet, are my own figures.

35578 Andrew Sangster, Cross.

Q. "Water Gas Production Costs, Labor and Material Excluding Works Repairs and Electric Power Plant Expense per Year." Then, as I understand it, you say according to their books, excluding, however, works repairs and electric power plant expense—

A. Which they do not distribute completely.

Q. (Continued.) Which cost them 40 cents plus per thousand cubic feet in 1918 and 46 cents plus in 1919, for the kind of gas that was made in that plant?

A. Yes, that is quite correct.

35579 Q. Of the 24 or 25 candle power, or whatever it was?

A. Whatever it was—assuming that the company's distribution of expense is correct, what they have charged to water gas is properly chargeable to water gas.

Q. Have you made any claim in your report that there were items not properly chargeable?

A. No, I have not. I have not gone into the matter.

Q. So that if I take their books as being correct for the items that you have included here, it would show that in 1918 it cost .4633 for water gas plus

35580 the additional items that must be added to it, and for 1919 .46525.

A. Yes.

Q. For water gas of the candle power shown in this statement?

A. Yes, sir, and you would have to make some distribution of works repairs and electric power plant expense before you have it complete.

Q. Superintendence is included here, is it?

A. It is. All labor charges are included.

Q. And oil used, and fuel?

A. And oil and fuel, boiler fuel and generator fuel and the gas oil, and all the credits for oil tar.

Q. Where is your table showing the cost of production of Plant "B"?

A. Plant "B" is No.—

Mr. Goetz: If your Honor please, we do not concede that this Table 6 is correct, and I can tell you very quickly why.

The Master: I understand that: I am trying to familiarize myself with Mr. Sangster's tables.

The Witness: No. 3 will show the costs at both Plant "A" and Plant "B." I have put them together because it is a convenient way to set it up. 35582

Q. Are the residuals here?

A. The residuals are on page 2 of that statement. We could not put it all on one sheet.

Q. Then as I understand it—and I am simply asking these questions in order to familiarize myself with these tables—you show that for 1918, for the candle power produced at those plants, it cost at Plant "A" 66 cents plus and at Plant "B" 78 cents plus; is that correct?

A. Before deducting for residuals.

Q. Yes.

A. And for light oil.

Q. And before the cost of enriching? 35583

A. Yes.

Q. To bring it up to 22?

A. Of the balance of the gas that was not enriched at Ravenswood. That is to say—

Q. Well, Plant "B" figures—does that include the cost of enriching?

A. It shows, if you will look on page 1, 10 cents under Plant "B" for 1918—.1014. That may be all the gas at Plant "B," it may be a little more, it may be a little less.

35584 Andrew Sangster, Cross.

Q. Excluding that ten cents, then you show the cost of production of Plant "B," about 68 cents?

A. Very nearly 69 cents.

Q. And Plant "A" about 66 1/2 or 67 cents?

A. Yes.

Q. For 1918?

A. For 1918.

Mr. Chambers: He said the residuals come off that.

The Master: I get that.

Q. For 1919 Plant "A" cost 75 cents and Plant
35585 "B"—what was that, about 10 cents again?

A. No, it was about 8 cents, nearly 9 cents, and Plant "A" also includes near .027 cents for enrichment, if you will notice. It is not correct that —judging from these figures, it is not correct to say that only the Plant "B" gas is enriched at Ravenswood. They distribute the expense.

Q. Where do you give me the net after giving credit for residuals—on page 2?

A. On page 2.

Q. Of No. 3?

A. Of No. 3.

Q. You say that it costs them only 10 cents to
35586 make gas at Plant "A" after they credit their residuals?

A. Yes, sir.

Q. In 1918?

A. Yes, excluding any allowance for repairs and the proper proportion of electric power expense that that plant utilized.

Mr. Goetz: And enrichment?

The Witness: And whatever—

Q. Yes, and enrichment for 1918?

A. But that is the cost of the gas as it was made at that plant, according to their books.

Q. Including all the material and labor that goes into it?

A. Yes. You see, the credits for residuals are very high, as much as 57 cents for Plant "A" in 1918.

Q. According to their own books?

A. Yes.

The Master: Go ahead, Mr. Goetz.

By Mr. Goetz:

Q. But for 1919 you can see the difference of .09866 and .24799, .21081 and .35498 and .14153 and .28763. The cost doubles when you add the enrichment to it. 35588

A. The cost of coal went up and the credit for residuals also fell, and that increased the unit cost.

Q. Directing your attention to page 23 of the report, Other Supplies and Expenses for Water Gas, have you not excluded from that computation the expenses shown upon the Astoria Company's books for operating the mess hall which the company includes as a part of its operating expenses?

A. This does not include the mess hall expense at that point. I have shown it at a later point. You will find it on page 26.

Q. Did you exclude it from your computations in order to arrive at the net cost by your method? 35589

A. I just do not understand what you mean.

Q. Here you have made up a computation of expenses on account of supplies and other purposes, from which you excluded the expenses of the Astoria Company for the mess hall in 1918 and 1919, but those expenses are included in another statement which is a transcription from the books of the company; is that correct?

A. I have simply shown it at another point. I have not given it under Other Supplies and Expenses. I have shown it separately on page 26.

35590 Andrew Sangster, Cross.

Q. Well, is it not a fact that that item appears upon the books of the company as a part of its miscellaneous works expense?

A. Well, I cannot say. It was a small amount.

Q. Show me where you have included it in your computation?

A. My recollection is it is not distributed to plants, but I may not be correct in that. It is a small amount. I have shown it, anyway. I have taken full account of it, Mr. Goetz.

Q. Where?

35591 A. On page 26.

Q. On page 26?

A. Yes, you will find it under "Plant A" and "Plant B" and the average.

Recess.

Afternoon session.

ANDREW SANGSTER, resumed:

CROSS-EXAMINATION CONTINUED BY MR. GOETZ:

35592 Q. Mr. Sangster, just before the recess the Master asked you with regard to an element in your tables to indicate the cost of manufacture of coal gas at Astoria.

Mr. O'Brien: As per books—say that, Mr. Goetz.

Mr. Vilas: You said it.

Q. You said that on statement 3, page 2, you showed in 1918, the cost at Plant "A" 9.8 cents, cost at Plant "B" 21 cents plus, and the total cost at both plants 14 cents plus. That is correct?

A. That is what statement No. 3 shows.

Q. Now, to arrive at the cost of manufacture at the station holder, or at the station, you would add, would you not, the cost of repairs?

A. Yes.

Q. Now, look at page 25 of your report, you show there for the year 1918, cost of repairs pro rated according to your method—and I may say parenthetically that it is a method which we do not acquiesce in—9 cents plus for Plant "A," 13 cents for Plant "B," and 11 cents plus for Plants "A" and "B," in 1918, is that correct?

35594

A. That is what page 25 shows for 1918.

Q. For 1919 the repairs would be 11 1/2 cents plus per thousand cubic feet, and the average for both plants would be 11 1/2 cents for the eight months?

A. Yes.

Q. In addition, to arrive at the cost of manufacture, you would add the taxes?

A. Yes.

Q. And the renewals and replacements, if you followed the books of the company?

A. If we followed the books of the company, yes.

The Master: Are those renewals and replacements in addition to repairs to the works?

35595

Mr. Goetz: Yes.

The Master: A separate item?

Mr. Goetz: Yes.

The Witness: Half a cent.

Q. Also, would you add the cost of electric power plant expenditures which you have excluded from your computation shown on statement No. 3, pages 1 and 2—is that correct?

A. You would have to add a proportion of the expense of operation of power plant, but I have not expressly excluded it on this statement that you refer

to, No. 3. The power plant expense is not distributed on your books to the plants. That is why this statement does not include power plant expense or repair expense.

Q. Now, according to your computation of the repair expense as per books, and the tax expense, as per books and the electric power plant expense, as per books, what would be the total for Plants "A" and "B" in 1918?

A. The books do not show what the total expense for repairs is for Plants "A" and "B," nor do they
35597 show the expense for the operation of the electric power house.

Q. As computed by you on page 25, the total expense on Plants "A" and "B" per thousand cubic feet, based upon the books, as you say, was eleven cents plus, was it not, for 1918?

A. The expense for repairs in the year 1918, average for Plants "A" and "B" according to the method I have adopted, using the total expense for repairs shown on your books, is eleven cents plus.

Q. Which would have to be added to the fourteen cents plus as the cost of materials and labor shown on statement No. 3?

35598 A. Yes.

Q. Making a total cost of 25 cents plus, is that correct?

Mr. O'Brien: Wouldn't it be a good thing to do that in your brief and not take up time here in asking him if two and two make four?

Mr. Goetz: That is what you are doing in your computations. You are asking if the coal at Plant "A" were enriched by the same method that the Plant "B" gas is enriched at Ravenswood, what result he would obtain, and now I am asking him on the same hypothesis what result he would obtain—

The Master: There won't be any brief, I have told you that a dozen times.

Mr. O'Brien: Oh, had you receded again?

The Master: I have never receded at all.

Mr. O'Brien: Your Honor, I think just about two weeks ago you were talking about briefs.

The Master: No, I never have talked about briefs except that I wouldn't have them.

Q. I have asked you whether by adding the cost shown on statement No. 2 for labor and material for Plants "A" and "B"—

The Master: You have twenty-five cents for 35600
those two items. What else is there? My recollection is, Mr. Sangster, that the Consolidated Company paid the Astoria Company on the basis of thirty-six cents in 1918, plus certain overhead. Is that right? Have you those figures handy?

The Witness: Yes.

Q. What were the taxes according to the books?

The Master: Wait a minute. I think a great deal of time is wasted on some of these questions. How is that thirty-six cents made up?

Mr. Goetz: The impression was left on the record before recess that the cost was nine cents, and I want to show what elements was included. 35601

The Master: No, the cost for those elements was nine cents.

Mr. Goetz: I wanted to show what those elements are.

By the Master:

Q. What was the charge made by the Astoria to the Consolidated for 1918?

A. 38 1/2 cents, on the basis of the gas sold.

Q. It would be a little different on the basis of gas made?

A. Yes, it would be somewhat different on the basis of gas made.

Q. Then my figures would probably be about right, my recollection of 36 cents?

A. Probably.

Q. Where do you differ from that, how do you make it less, if you do?

A. I make it less by the amount that I have reduced that cost for miscellaneous revenue that I have deducted from the total cost. I deduct that after adding general expenses, taxes, renewals, and replace-
35603 ments, and the rents for the use of the distributing system.

Q. What I want to get at is this, as simply and as briefly as I can: Whether it cost the Astoria Company less, or whether you say it cost the Astoria Company less than 36 cents plus to make gas, having in mind the items included in that 36 cents, which does not include interest on investment or overhead. I want to know where the difference is and how it is made up, in the simplest fashion possible.

A. On page 44 I show the actual cost of gas on the basis of sales including this cost of production and including also general expense, taxes, renewals and
35604 replacements, and elements of cost that have gone into the charge by the Astoria Company to the Consolidated, and for that for the year 1918 is practically 50 cents. The exact figure is 49.884 cents on the basis of gas sold.

Mr. Goetz: That includes the 7% return.

The Master: I don't want that.

The Witness: No, sir, it does not; that is not correct.

The Master: I don't know why these things can't be simplified.

Q. I take it that the purpose of your entire investigation was to show what it cost the Astoria Company to make gas, what they charged against the Consolidated Company, and what the Consolidated Company paid for it.

A. Yes.

Q. And I take it from what you said that you arrived at the result that the Astoria Company should have charged the Consolidated, and the Consolidated should have paid somewhat less than they did pay.

A. That is right.

Q. I want to know where the variance is and how much you make it. 35606

A. The difference for the year 1918, the first line, Cost of Gas Delivered, I find that after making these adjustments to be 46.55 cents; they actually paid—this is always on the basis of sales, 49,884.

Q. For 1918?

A. For 1918.

Q. So you are cutting it down 3 cents?

A. 3 1/3 cents.

Q. Where is that 3 1/3 cents?

A. The difference lies in the reduction of the taxes.

By Mr. Goetz:

Q. You reduce the taxes by about one-half? 35607

The Master: Bring out what he did with the taxes. Get to it, and let us find out where we are.

A. I was going to enumerate the different items.

By the Master:

Q. Enumerate them while you are at it.

A. I have reduced the taxes.

Q. Why and in what way?

A. I found that the taxes as they are set up on the books include Federal Income Tax, and the Excess Dividends over 4% Tax.

Q. What page are you referring to now?

A. Page 33. I am showing where this tax is set up on the books, where provided for. I think that these two taxes ought to be excluded.

Mr. Chambers: And the Court has so held.

The Master: My recollection of it is that the basic figure in your tabulation that I have, or in Teele's figures, shows a charge plus taxes and interest.

Mr. Goetz: 7% return.

The Master: No, the basic figure excluded
35609 taxes. Now, I would like to get a corresponding figure here.

Mr. Goetz: Excluding taxes?

The Master: Yes. Haven't you got those exhibits here?

Mr. Goetz: Yes, they are here. The witness does not disagree at all in that respect.

The Witness: Exhibit 364 and Exhibit 365, Mr. Goetz.

The Master: Let us see them.

The Witness: On page 37 of this report I show—

The Master: Wait until I get this.

35610 Q. Now, for 1918, Mr. Sangster, Exhibit 364 shows that the Consolidated paid the Astoria, and the Astoria charged the Consolidated 38.47 cents, about 38 1/2 cents, plus taxes, insurance, administration expense and a return on the investment.

A. Yes.

Q. Have you any table corresponding to the figure 37 1/2 cents, excluding taxes, insurance, administration and the like?

A. Yes sir, very clearly shown on page 37, practically the same figure. I have not altered their figure at all. Notice the first line there, Cost of produc-

tion, it does not include administration, taxes, renewals or replacements, or rents, about 38 1/2 cents for the year 1918 on the basis of sales.

Q. Why doesn't that gibe exactly with this Exhibit 364?

A. Because this is based on the gas made; it is stated on the basis of gas made.

Mr. Goetz: It gibes exactly except in the basis.

Mr. O'Brien: He gives you the point of difference.

The Master: Yes.

Q. You agree with Mr. Teele that the books show 35612
that it cost 38.513 cents in 1918, and 46.457 for the eight months of 1919—

Mr. Chambers: I object to that. He says that some of those taxes should come out.

Mr. Goetz: We haven't got to taxes yet.

Q. You agree with Mr. Teele that the books show these figures that I have just read to be correct?

A. Yes.

Mr. O'Brien: Just a minute, your Honor. The witness is being asked by you now whether he says those figures are correct. He doesn't say any such thing, nor did Mr. Teele examine or audit these books. I refer you to the examina- 35613
tion of Mr. Teele on this subject. These figures are not verified, they have not been verified by Teele, they have not been verified by this witness. He says that 38.513 is what the books that he examined show. Now, whether it is correct, or whether it is justified by the underlying data, and all of these other questions, he has not gone into and you are putting words in his mouth that you should not put in his mouth.

Q. What have you done with the general expense items? Have you changed Teele's figures at all?

A. I have not disturbed the book figure at all.

Q. On that?

A. On that.

Q. What have you done to the taxes?

A. I have reduced taxes.

Q. In what respect?

A. I have eliminated the Federal Income tax.

Q. Where will I find that, what page?

A. On page 34 I show the adjustment that I make in the taxes.

Q. You have carried into page 37 your adjusted figures, have you?

35615

A. Yes, sir.

Q. What did Teele give it here?

A. He didn't give it as a separate item.

Mr. Goetz: He gives that as about 6 cents plus.

The Witness: He didn't give it at all.

Mr. Goetz: If you reduce the taxes about one-half you can get that clearly.

The Witness: If you will compare it with page 3 you will find that the taxes according to the book is 6.218 cents.

Q. You reduced it to 3.307 cents?

A. Yes.

35616

Mr. Chambers: See what else he did with the taxes.

Q. What did you do with renewals and replacements? Did you disturb that figure at all?

A. I have not disturbed the figures for renewals and replacements, I haven't made any comment on it.

Q. And distributing system, have you varied that figure?

A. I have not.

Q. Undisturbed adjustments and duplicate gas charges?

A. That is the same as it appears on the books.

Q. And miscellaneous revenue?

A. There is a difference there in the fact that I have deducted miscellaneous revenue from the gross cost appearing in the second line above, 49.171 for 1918, and 56.434 for the eight months of 1919.

Q. So where the variances are are in the taxes that you have reduced, and in your deducting miscellaneous revenue?

A. Yes.

Q. Those are the two differences?

A. Those are the two cases where I have made any adjustments in the book figures. 35618

By Mr. Goetz:

Q. And miscellaneous revenues are the revenues derived from the Government?

The Master: And interest, too, wasn't it?

Mr. Goetz: Well, interest is a separate item.

A. Revenues derived from the use of land and apparatus used by the Government in connection with the light oil operations.

Q. And the land and apparatus was not used in the manufacture of gas by the Astoria Company?

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial.

Mr. Goetz: When you are arriving at the cost of making gas you have got to consider the materials and labor, and not the land or anything else of that kind. 35619

Mr. O'Brien: Argue that in your brief. This is the accountant here.

Mr. Goetz: I was incorrect about saying that it was used for toluol purposes; it was used for carbon purposes by the Government.

Mr. Ransom: It had nothing to do with making gas.

Mr. Goetz: In other words, if you want to know what it is going to cost you to make gas in 1920, and you haven't got the carbonizing plant, you cannot include revenues derived from the carbonizing plant to reduce your expense in 1920.

Mr. O'Brien: Put that in your brief. You will be like Moran, who will want you to try the case over again after we get through with you.

Q. Now, the income tax imposed by the Government upon the income of the Gas Company is derived from the manufacture of gas, isn't it?

35621 Mr. Chambers: I object to that, that is a question of law.

Mr. Goetz: It is not a question of law, the witness has eliminated it, and I want to know why.

Mr. Chambers: The Court has eliminated it.

Mr. Goetz: No Court has eliminated it, and I cite to the Master the Federal Railway Control Bill.

The Master: You are objecting?

Mr. Chambers: Yes, on the ground that it is a question of law what the income tax is.

The Master: Objection overruled.

Mr. Chambers: Exception.

35622 A. The item is referred to in your books as a payment for Federal income tax, and as the Astoria Company was engaged practically exclusively in the manufacture of gas I assume that that tax would be on the income from the manufacture of gas, and eliminated it as being clearly no part of the cost of the gas nor any part of the expense.

Q. In other words the Astoria Light, Heat & Power Company could manufacture gas and sell it to somebody else without paying that tax?

Mr. O'Brien: You quizzed him as a gas engineer a while ago, and now you want to ask him a question of law.

Mr. Goetz: I am asking him as the man who computed this and included one thing and excluded another.

The Master: We will have time enough to argue this when we get our proof in.

Q. What detail statement supports the computation of residuals on page 32 of your report?

A. Statement No. 3, page 2.

The Master: Do I understand that these books 35624
show, Mr. Sangster, an actual cost of building this plant over at Astoria of about $15,466,000, page 38?

Mr. Chambers: You mean without regard to the land?

The Master: That includes the land, I guess.

Mr. Chambers: They paid several hundred thousand dollars more for the land than the Consolidated paid for it. You remember that I called your attention to it.

The Master: I don't remember it just now.

Mr. Chambers: They bought it for so much money and they turned around and sold it to 35625
Crimmins, and so on.

The Master: I don't recall that.

The Witness: This table on page 38 reproduces all the expenses shown on the Astoria Company's books as having been charged to construction for the property at Astoria.

By the Master:

Q. Does that include land?

A. Yes, sir.

Q. That item "Real Estate," does that include land?

A. That is the land.

Q. Only land?

A. Yes.

Q. They produced in 1918 over at Astoria nine billion cubic feet, approximately, didn't they?

A. Yes.

Q. In other words there was purchased nine billion cubic feet?

A. Yes.

Q. Is that correct?

A. Nine billion and a fraction.

Q. About nine and a half billions. What does that investment represent per thousand cubic feet, assuming this fifteen million to be right.

Mr. O'Brien: What year, your Honor?

The Master: 1918.

Mr. O'Brien: What figure are you taking on your revenue?

The Master: I am taking from Exhibit 364 the amount shown to have been purchased from the Astoria Company.

Mr. Goetz: Some gas was sold to the Government and some distributed.

The Master: A comparatively small amount?

Mr. Goetz: Comparatively small.

A. Between thirteen and fourteen cents.

Q. Per thousand cubic feet?

A. Per thousand cubic feet.

Q. Do you know whether this amount purchased indicates the make by the Astoria, or the sale by the Consolidated—in other words, does that include unaccounted for gas, or does it not?

A. That is the figure of gas purchased from the Astoria Company.

Q. That would represent their make?

A. No, that is not the total make.

Q. What would be the total make?

Mr. Goetz: There is no unaccounted for gas there, because there is practically no loss of gas.

The Master: This must represent the make, that is what I was thinking.

Mr. Goetz: It is practically the make.

Mr. O'Brien: Why don't you let the witness answer that, Mr. Goetz?

Mr. Goetz: He has answered it in a different way.

The Master: That is what made me ask. I assumed that what was purchased from the Astoria must be the make, that is, the make insofar 35630
as it was delivered or transferred.

The Witness: You have some differences in stock in the holder.

The Master: But there would not be much variance between the amount delivered to the Consolidated Company and the make?

The Witness: I will give you the make for 1918, exactly. It was 9,738,000,000 cubic feet.

The Master: Mr. Vilas thinks you have made a mistake in your decimal point there in the answer you gave.

The Witness: I thought you were asking me about the real estate alone. 35631

The Master: No, I meant the entire investment.

The Witness: You can easily see it is $1.50.

By Mr. Goetz:

Q. Now, that $1.50 is for plant only?

A. For manufacturing plant.

The Master: Including the items you set up on your books as fixed capital account, as appears from Mr. Sangster's statement, page 38, which includes interest during construction, engineering, and all that sort of thing, but does not include any distribution?

35632 Andrew Sangster, Cross.

The Witness: It includes the holders at the Works.

The Master: Includes the 15,000,000 cubic foot holder?

The Witness: Yes, sir.

Mr. O'Brien: What does that $1.50 mean?

The Witness: $1.50 a thousand cubic feet of gas made.

The Master: These figures would indicate on their face, without assuming they are right or wrong, but taking them as they are, that to pro-
35633 duce ten million M cubic feet of gas takes an investment of about $15,000,000 to make it, on the basis of the construction over at Astoria.

The Witness: Assuming that the plant is working at capacity.

The Master: No, I am not figuring it working at capacity, I am figuring on what it is actually producing.

The Witness: Yes, but you have to take that into account.

Mr. Chambers: Suppose it would produce three times as much as that.

The Master: I am talking about what it actu-
35634 ally produced, what the investment represents?

Mr. Chambers: That is not fair

The Master: It all depends on what angle I use it from whether it is fair. You don't know the angle I am using it from.

Mr. Goetz: If you consider the cost of plant alone, you have to consider the fact that in order to get the plant at Astoria you have to construct tunnels across the river which costs about eight million dollars.

Mr. O'Brien: Thereby hangs a tale. Wait until we get to that tunnel and we will clip a few more things off of you.

35635

Mr. Chambers: The company owning that tunnel wants a big return.

The Master: The fact remains, Mr. Sangster, that if you could build a plant over there for $15,000,000, including all of these figures, that will produce ten million M cubic feet, whenever this was built, 1906 to 1910 or 1912, excluding the land item, and substituting Manhattan land items, you should have been able to reproduce the same plant on Manhattan Island for the same figure?

35636

Mr. Goetz: Your Honor, in building the Astoria plant there was contrasted the cost of the Astoria plant plus tunnels, with the cost of Manhattan—

The Master: As a basis of computng the cost of producing a gas plant sometime between 1905 or 1906 and 1910 or 1912, when this was built, excluding the land item, and giving you credit for all the other items, it would cost you approximately $14,000,000, and it wouldn't make any difference whether you built those buildings in Manhattan or over on Long Island, except that you might have some docks and other things over there that you would not have here. In other words, I have not analyzed the figures, but you cannot claim, I think, that a plant on Manhattan Island producing 10,000,000 M cubic feet a year justified an investment or a value any greater than your investment or value over there.

35637

Mr. Goetz: Yes, you can claim that, because there is a very important reason as to why this plant was located on Manhattan Island, and from the experience of the company in the past ten or twelve years, this company would not for a minute think of transferring its entire plant to Astoria.

35638

Mr. Chambers: You went under oath that they were going to do it.

The Master: But the plant value could not be any more than the cost of reproducing a plant, whether it is in New York, or Jersey City, or Astoria, there is no question about that.

Mr. Goetz: There may be some other elements in it that I am prepared to discuss.

The Master: The question of your tunnel, which I have given a good deal of thought, really has application to the difference in value of land over there and the land that you would use over here. In other words, if you didn't use Manhattan land and went over to Long Island City, then you would have to build a tunnel. You would have cheaper land over there, and as against that you have the cost of the tunnel.

35639

Mr. Goetz: Not alone the cost or the saving in the land which necessitates the building of the tunnel, there was a question of getting increased capacity, and the company went to Astoria to get it, and in order to utilize it had to build a tunnel. Now, they would not think of building their entire plant at Astoria at the present time, from the developments of the last fifteen years. The company has to go out of business first.

35640

Mr. O'Brien: They swore they were going over there to make all their gas.

Mr. Goetz: And we are stating now that they made a great error in that theory, which was never carried out.

Mr. O'Brien: Are you conceding it?

Mr. Goetz: I am.

Mr. O'Brien: Do you concede it for the company?

Mr. Goetz: I am conceding that in 1905 the company made a mistake in talking about going over to Astoria completely.

By Mr. Goetz:

Q. On Statement No. 4 you show the quantities of residuals produced and the average price, and the amount. Where did you take these figures of quantities from?

A. These quantities are taken from the monthly statistical reports I believe.

Q. Is this the document which I show you, endorsed, "Astoria Light, Heat & Power Company, Gas Production Statistics, 12 Months ending December 31st, 1918," those reports?

A. Yes.

35642

Q. Now, what does this report show as the quantity of cyanogen cake produced?

A. For Plant A, 1,066,694 pounds; for Plant B, 801,149 pounds.

Q. Do you assume that cyanogen and cyanogen cake are the same?

A. Yes.

Q. Where did you get your figures for ammonia of 67,328 pounds for Plant A, during 1918? Are not those figures right next to the figures which you just read off for cyanogen cake?

Mr. Chambers: He does not use the word "cake" there. He says "cyanogen."

35643

A. There is a price column here in the section on cyanogen cake which contains some figures that I understand refer to ammonia. These figures I have shown as ammonia on Statement No. 4.

Q. Under the caption, "Cyanogen cake" upon this report there appears as produced 268,558, and under that 67,328. Is that correct?

A. Yes, these two figures are shown under the price column.

Q. Didn't you get that 67,328 for ammonia, from these figures in the computation cyanogen cake, 67,328?

A. Yes.

Q. What do you assume 208,558 right above those figures to refer to, cyanogen cake or cyanogen?

A. I will have to refer to my working papers.

Q. Please so.

A. The 208,558 figure, I understand, represents the pounds of cyanogen.

Q. Your statement in Table 4, Sheet 2, shows as the pounds of cyanogen produced 1,066,694, as against the 208,558 shown upon your report. Is that correct?

A. Yes.

35645 Q. Isn't your figure an error?

A. Well, it would be more correct perhaps to refer to it as cyanogen cake, this 1,066,694.

Q. From any investigation you have made you have not found that the company sells cyanogen cake, have you?

A. Well, the figures bringing out the materials sold, refer to cyanogen and ammonia.

Q. Now, according to your report then the figures of cyanogen sold are 208,558 pounds, and ammonia sold 67,328 pounds, is that correct?

A. No, sir, that is not correct.

Q. How many pounds does your report show the
35646 company sold of cyanogen in 1908, or rather, how much did it produce?

A. Yes, I think you mean produced.

Q. Produced?

A. The figures already referred to.

Q. Your statement purports to show the residuals produced? A. Yes.

Q. And your statement purports to show for cyanogen produced 1,066,694 pounds, is that correct?

A. That should be cyanogen cake.

Q. When you apply the quantity produced against the amount of dollars and cents should not the quantity be 268,558?

A. I see the figure should be designated cyanogen cake.

Q. Did you find any figures in the company's books showing that it credited its production account with $149,208.96 for 1,066,694 pounds of cyanogen produced?

The Master: Or Cyanogen cake.

Q. Or cyanogen cake?

A. No, the books do not state it in that manner, the statistical statement does not. 35648

Q. From your examination of the various records have you not ascertained the fact to be that the company produces cyanogen cake, and that that is resolved into two elements, one cyanogen, and the other ammonia?

A. Yes, the quantity of cyanogen cake is used as a basis for determining the quantity of cyanogen and ammonia in the cake, and the residuals are shown in these two elements.

Q. Then your figures ought to be corrected to show the cyanogen and not the cyanogen cake in order to make these $149,208.96 fit with what the company shows it produced in cyanogen? 35649

A. Yes, in order to make it comparable with the actual cyanogen made.

Q. Will it change the average price?

A. Oh, yes.

Q. Won't it change the average price?

A. Yes, but it will not change the dollars and cents.

Q. It would change the average price from thirteen plus to fifty-five plus, wouldn't it?

A. It will be fifty cents plus, something like that.

35650 Andrew Sangster, Cross

The Master: The result won't be changed any.

The Witness: That was a mistake, it was cyanogen instead of cyanogen cake.

Mr. Goetz: The result will not be changed, but somebody may come along and say that the company should earn from its cyanogen fifty-five cents instead of thirteen cents, and that would make a great difference.

Mr. O'Brien: I move to insert the word "cake" after the word "cyanogen" in the exhibit.

Mr. Goetz: If you correct the exhibit by insert-
35651 ing the words "cyanogen cake" then you cannot reproduce the $149,208.96 that the company records, because the company sold no cyanogen cake.

The Master: No, we will not change it.

Q. Now, in 1919 there is practically the same situation, that is, you take the cyanogen cake figure for cyanogen?

A. Yes, sir.

Q. And the average price would be changed accordingly?

A. Yes. The same applies to Statement No. 5, page 2.

35652 Q. Now, please turn to page 25 of your report. In your computation of repairs you have attempted to—

Mr. O'Brien: I want to call your Honor's attention at this time to the manner in which these gas statistics are gotten up here with pencil memoranda all the way through, interpolations made, all of the figures, every one of them in pencil writing that can be changed at any time, some of them have been apparently rubbed out, inscriptions have been rubbed out, and they call this a document. Here are a lot of figures with rings around them, and a whole lot of inscriptions. It tells a big story to me.

Mr. Goetz: I also call your Honor's attention to the fact that the document at which Mr. O'Brien is looking, and upon which he is commenting, is a summary for the entire year, and that the twelve individual summaries from which this is taken are all written in ink, and they are here.

Mr. O'Brien: It may be written like that manufacturing book on the virgin page, a book supposed to be worked on daily in the works without a spot on it, and they ask us to take it as a manufacturing book. I ask that that be marked for 35654
identification.

The Master: We won't mark it anything at this time.

Mr. O'Brien: You want us to believe in the integrity of the Gas Company.

Mr. Goetz: Well, that is more than you can say about individuals.

The Master: Go on, Mr. Goetz.

Q. You there show certain repairs on page 25 chargeable to Plants A and B, pro rated by you according to the use which you say is made of their apparatus upon which the repairs themselves were made. Now, what particular apparatus repairs did you so 35655
pro rate?

A. I pro rated items shown on the operating ledger to be applicable to both plants, A and B. I also pro rated items shown on the operating ledger at applicable to No. 3 plant.

Q. Did you know which apparatus was involved in these repairs applicable to the various plants?

A. No.

Q. Not knowing which apparatus and not knowing the extent of the use of the apparatus for each of the plants, why did you pro rate the repairs

upon the basis of the quantity of gas manufactured at each of these three plants?

A. I understood that the expenditures in question applied to particular parts of the apparatus that were used by more than one plant in common, and that it would not be possible to go into these different items and determine how much any particular piece of apparatus in this common building could be stated to represent Plant A, for instance, and how much had been taken from it for Plant B, or the water gas plant.

Q. Could you not have ascertained from the rec-
35657 ords which were available to you the fact that a part of that apparatus consists of coal handling equipment, 67 per cent of which was used for Plants A and B, and the balance for Plant C?

Mr. O'Brien: I object to that question as incompetent.

The Master: Objection sustained. You can ask him whether a greater portion of this expense did not have to do with the coal handling apparatus. I sustain it because you have got in too much.

Q. Do you know what portion of the apparatus involved in that pro rating was used by Plants A and B?

35658 A. No, sir, I do not; I did not go into it to that extent.

The Master: Do you know it is coal handling apparatus?

The Witness: No.

Q. Did you not apportion the repairs to equipment used in connection with the production of residuals also upon the basis of the gas made in the three different plants?

A. I did not go into those items at all, I simply took those that appeared in your operating ledger as chargeable to more than one plant and distributed the ex-

penditure among the plants shown to be involved. If it were the two coal gas plants I distributed the expense between the two coal gas plants. If it referred to all of the plants I allocated the expenditure among all the plants on the basis of the gas made at these different plants. I did not go into it any further.

Q. You did know that apparatus used in connection with the production of residuals was used to a greater extent by the coal gas plants than by the water gas plants, did you not?

A. I did not go into the expenditures any further than I have stated. 35660

The Master: Couldn't you see that from the figures themselves?

The Witness: No, sir.

Q. You know that cyanogen and coal tar are products only of the coal gas plants and not of the water gas plant?

A. Yes, I am aware of that.

Q. And any apparatus used in connection with the handling of those residuals was used exclusively for those residuals and not for the water gas plants?

A. Any repairs on apparatus used in connection with such residuals would be applicable to the coal gas plant. 35661

Q. And there was apparatus of this kind, the repairs upon which the company did not pro rate to the individual plants, and which you pro rated upon the basis of the production?

A. I have stated several times I do not know. By the way these distributions that I have made did not affect the unit cost to any great extent. As I have said, the greater part of these expenditures for repairs are directly distributed on the company's books.

Mr. Goetz: That is very fortunate.

35662 Andrew Sangster, Cross.

Q. Page 28, you there set forth the contract prices for gas oil. Did you or your assistants examine the contracts?

A. I examined copies of contracts.

Q. Did you not learn from your reading of the record, as well as from the contract that in accordance with the provisions of say the contract of December 4, 1917, the price per gallon of gas oil by tank boats, effective June 10, 1918, became 6.5927 cents?

Mr. O'Brien: I object to that; the contracts speak for themselves.

35663 Mr. Goetz: He has made here a computation of average costs. I want to know whether the witness for some reason or other included those additional costs which were incurred for gas oil in that year?

The Master: Objection overruled.

Mr. O'Brien: Exception.

A. I did not read the record in connection with the subject of oil contracts, but you will notice that I state on page 28 the prices fixed in the contract, based upon existing lighterage rates, plus Government tax of 3 per cent, subject to an adjustment for increase or decrease in those rates. On page 29 you will find that
35664 the purchases from January to May were made on the basis of the original contract figure of 6.5721 cents, and that in June the price was changed to 6.5927 cents. Yet you say I did not give effect to it. I think I show it quite clearly.

Q. You don't show it in the summary page 27, do you?

A. I have stated very distinctly that the prices are based upon the existing lighterage rates.

Q. Do you not on page 29 show that the lighterage rate per barrel, effective June 10, 1908, was raised from 3 1/2 to 4 1/2 cents?

A. You can see that from the price paid. The price raised from 6.5721 cents to .65927 cents. That difference is accounted for by the increase in the lighterage rate, plus the 3 per cent tax on the lighterage.

Q. Have you also noted in connection with the contract of December 18th, 1918, that the price per gallon by tank boats of oil purchased by the Consolidated Gas Company and by the Astoria Company was raised from 7.5927 cents to 7.6082 cents, and the lighterage rate per barrel was increased from 4 1/2 to 5 1/4 cents?

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial. If it refers to a contract the contract speaks for itself; if it refers to some other exhibit the exhibit will speak for itself, and it is a waste of time to have this kind of question going on. 35666

The Master: Objection overruled.

Mr. O'Brien: Exception.

A. The table on page 29 shows that from January to February it was .075927.

The Master: And from February to March it was .076082?

The Witness: Yes.

The Master: And from April to August it was .061082? 35667

The Witness: Yes.

Q. On page 29 you say that the average candle power for those two periods as given on page 6 is 21.45 in 1918, and 25.74 in 1919. Those figures should be corrected with the corrections on pages 6 and 7?

Mr. O'Brien: Just a minute. I am going to object to that, because before we get through with the examination, we will find that there are no corrections to be made. The witness is assuming

that there are corrections to be made in some part of this exhibit.

The Master: Objection overruled. The record will note that the witness answered "Yes."

Mr. O'Brien: Exception.

Q. In the recapitulation of water gas on page 31, do you take the cost of gas oil as that shown by the company's books, or is that arrived at as the result of your readjustment of the method by which coal gas could be enriched at Astoria?

A. The unit cost for gas oil given on page 31 as
35069 stated after testing for enrichment on the basis that I have used in the report.

Q. Which is not the basis used by the company?

A. That is not the figure shown by the company for gas oil charged to water gas.

Q. And in the credit for residuals you differ in that same proportion?

A. I have made adjustment for credit to residuals on the same basis.

Q. Based upon the readjustment of the gas oil which would be used if the coal gas from Plant A were enriched in the same way that coal gas from Plant B is enriched at Ravenswood?

35070 A. Using the figures of cost shown on the books for enriching at Ravenswood as a basis.

Q. With regard to the statement on page 32, qualifying the charges for repairs, by what might be the normal average for repairs, have you had any experience in the making of repairs to a gas plant so that you can state what should have been spent, or what repairs should have been made?

A. My experience has been confined to studies of costs for repairs and maintenance for coal gas plants.

Q. You know nothing about the physical condition which existed at the plant at Astoria necessitating the repairs charged by the company upon its books?

Mr. O'Brien: I object to that. It assumes that there were conditions there that necessitated all this wasteful expenditure of money.

The Master: Objection overruled.

Mr. O'Brien: Exception.

A. I did not go into the physical conditions that may have necessitated these expenditures.

Q. The repairs to which you refer here are the repairs for the eight months of 1919, are they not?

A. In the second group there, they are.

Q. On page 33, referring to taxes, you say that the real estate taxes were reduced by 25 per cent in 1918. 35672
Do you mean reduced by the action of the public authorities or by the refusal of the company to pay the tax, and contesting the tax?

A. I found that the voucher showing the payment made for real estate taxes in 1918, showed that the valuation of a certain block was reduced 25 per cent from the figure used as a basis for providing the tax.

Q. By the public authorities?

A. As to what occasioned that reduction I am not aware, but I take it that the voucher shows the final payment for taxes in that year.

Q. Did you ascertain the fact that the company was contesting a part of that tax, and paid a portion so 35673
as to save interest on the balance?

Mr. O'Brien: I object to this attempt to read into the record a whole lot of stuff that is in the mind of counsel, matters not presumed to be within the range of an accountant's investigation of these books.

The Master: I will allow it.

Mr. O'Brien: Exception.

A. No, I simply used this as the final figure upon which taxes had been paid for that year.

35674 Mr. Goetz: If your Honor please, the witness has given on pages 39 and 40 a computation based upon his opinion of what the working capital of the Astoria Company ought to be. Now, I move to strike out his testimony upon that subject on the ground that he has not been qualified to express any opinion as to what the working capital of the Astoria Company ought to be; he has not operated a plant; he has not met the requirements; he has never gone out in the market to finance a plant; he has never had to employ labor; he has never had to buy material; he has never
35675 had to negotiate for terms by which these things could be accomplished or the plant operated, and is here attempting to outline to your Honor, and to express his opinion of what would be a proper working capital for the Astoria Company, and it varies from what Mr. Little has testified to.

The Master: I think I will let this witness testify as an expert accountant what good accounting practice requires for a working capital.

Mr. Goetz: Well, your Honor has not permitted Mr. Teele to give that testimony, and we shall ask permission to recall Mr. Teele and give that testimony, and several other accountants.

35676 The Master: I will let you do that, if you think it is necessary.

Mr. Goetz: I do not think it is necessary, but it leaves a kind of testimony upon the record that ought not to be here.

The Master: I will let it stand, and I think it ought to be there.

Mr. Goetz: I also move to strike out pages 40 to 44 of this report, and the testimony embodied in those pages concerning the witness's opinion as to what ought to be a fair return upon the investment of the Astoria Company during

35677

all of these years, and at the present time. The witness has not qualified from any knowledge he has.

The Master: You want to strike out the whole exhibit, don't you?

Mr. Goetz: No, not 14, 40 to 44. In which the witness discusses what should be a fair rate of return, and he appeals to the Master to see the reasonableness of his opinions. The witness has not been shown to have ever gone out into the market and tried to get investors interested in an enterprise.

35678

The Master: I can't read this and listen to you at the same time.

Mr. Goetz: I am stating the grounds of my objection, I thought I could save time that way. Your Honor will notice on page 43, if I may call your Honor's attention to the statement, "With these considerations in mind I respectfully suggest for the consideration of the Master the rate of return payable by the Consolidated Gas Company to its subsidiary the Astoria Light, Heat & Power Company be reduced from 7 per cent to 6 per cent."

35679

The Master: That is really what you want stricken out, is it?

Mr. Goetz: I want that, and the testimony upon which he attempts to build up anything of that kind, for which he is not qualified to testify by anything he has thus far stated upon the record.

Mr. O'Brien: There isn't anything there in those pages that is not pure accountancy, that you would expect from an accountant.

Mr. Goetz: Pure theory.

Mr. O'Brien: An accountant, a duly qualified accountant.

Mr. Goetz: And accountant records, he don't speculate with other people's property.

Mr. O'Brien: Whose property is this?

The Master: I can't read this if you men keep on arguing back and forth. I shall deny the motion except in so far as it affects the last sentence on page 43, and I grant the motion to strike out the following, "With these considerations in mind I respectfully suggest for the consideration of the Master the rate of return payably by the Consolidated Gas Company
35681 to its subsidiary, the Astoria Light, Heat & Power Company, be reduced from 7 per cent per annum to 6 per cent per annum in fixing the reasonable price to be paid for gas purchased from the Astoria Company." An exception is allowed to the denial of the motion, insofar as it is denied.

Mr. O'Brien: Exception as to the part stricken out.

Mr. Goetz: That saves a good deal of time.

Q. Mr. Sangster, have you your working papers for the detail statement No. 10, entitled, "Summary of Repairs to Apparatus Per Thousand Cubic Feet of Gas Made"?

35682 Mr. Chambers: May I interrupt to ask why you strike that out?

The Master: Because I won't take the witness's argument as an advocate in the case, or his opinion as to what it ought to be. I am taking his statement of figures, and his analysis of figures from which he draws the conclusion, and I shall assume counsel will urge that proposition. I do not think it belongs in the witness's testimony.

Q. Now, I will draw your attention to a specific figure on that page, and perhaps we can get to the

point I have in mind. You show there for 1918, the average cost per thousand cubic feet of gas made of the regairs to apparatus at Plants A, B and C, 6.278 cents. Now, can you give me the figures by which you arrive at this result? Perhaps I can expedite this. I can give you the figures I have got.

A. Our Plant A repairs to apparatus—

Q. (Interrupting.) I am talking now about Plants A, B and C, the average for the year.

A. I will have to give you the total in dollars and cents for each of the three plants.

Q. All right, do that, and see what you arrive at. 35684

A. Plant A, $153,733.34; Plant B, $128,497.35; Plant C, $94,488.16.

Q. And what is the total?

A. The total, $376,318.85.

The Master: What was the amount of gas made?

Q. What was the make and consumption for Plants A, B and C?

A. That is shown on Statement No. 2, 9,738,351 M cubic feet.

Q. Now, divide 9,738,351 M into three hundred seventy-six thousand odd dollars, and what result do you get? 35685

Mr. O'Brien: Where do you get the nine million, Mr. Goetz?

The Master: From Mr. Sangster.

Mr. Goetz: And also from the tables right here.

A. It gives about 3.86 cents.

Q. Now, is it not a fact that what you did there instead of what you say you did do, was to take as the total cost at the three plants total cost of repairs, $418,762.33, as shown by the company's books, and divided that amount by 6,670,274 M cubic feet, which

was the make only of Plant C, as a result of which you arrived at 6 cents plus as shown in your statement? I will show you these arithmetical calculations, perhaps this will help you?

A. I would like to answer your question, Mr. Goetz, but unfortunately I do not have the particular work sheets here so that I can refer to it.

Q. Would not the result which you show upon Statement 10, have to be arrived at by dividing four hundred and eighteen thousand odd dollars by Plant C make?

35687 A. Yes, if we divide $418,000 by the make at Plant C, we will get exactly the figure, assuming you have made the computation correctly, which I do not doubt, get exactly the figure I show in Statement No. 10.

Q. Now, if the figure of 6 cents plus as the average for Plants A, B and C as shown on Statement 10 is not correct, then the other figures for general and for total—rather the other figures for total, would be incorrect. Would not the result be 3 cents for repairs instead of 6 cents?

A. Well, I can say it should be less than 6, somewhat less than 6.

The Master: It ought to be nearer three cents?

35688 The Witness: Yes.

The Master: How about 1919, does that average 5 cents—is that correct, Mr. Goetz, is it nearly 6 cents?

Mr. Goetz: Yes. That is the figures, in the first place, of cost, and in the next place that is for eight months, and eight months will not show you the rate for a year. You may have the larger portion of your repairs in three or four months in the beginning of the year, or at the end of the year.

The Master: I get your point.

Mr. Goetz: Taking eight months, as I think Mr. Sangster has already pointed out, is not a conclusive showing of what repairs may be.

The Master: Yes, it is not conclusive.

The Witness: I ought to revise my average for repairs, your Honor, on Statement No. 10. They are not even so large as I show.

Q. For which?

A. For the year 1918.

The Master: Well, they don't want them to show as much as that.

Mr. Goetz: We don't want some one to tell us 35690
our plant was inefficient during 1918, on account of excessive repairs.

The Witness: That statement, however, is not incorporated in the body of the report.

The Master: I wanted that anyhow, I would like to know that. Apparently the repairs to apparatus will range about three cents.

Mr. Goetz: Three plus.

The Master: A little over three cents.

The Witness: At the present time.

The Master: Well, it starts away back here in 1913, it was 3 1 3; it was a point under 3 in 1914, 2 in 1915, 2 in 1916, then it jumps 3 again 35691
in 1917, and over 3 in 1918.

The Witness: Yes.

The Master: And probably will be between 3 and 4 in 1919.

Mr. Goetz: It will be more than 3 and 4 in 1919, because the prices of materials have doubled; it will be double in 1918, there is no saving over 1918.

The Master: Go on, get another question.

Q. Look at Statement No. 24, page 2, showing the maximum and minimum of each year, to show the average for the year 1908, as 10,324 M?

35692 Andrew Sangster, Cross.

A. 10,323 to be correct.

Q. Wasn't that arrived at by dividing the total make by 365?

A. I think that is how the Public Service Commission ascertains or shows the average.

Q. Of course, you knew 1908 was a leap year, and had 366 days?

A. That may be.

The Master: We will suspend with Mr. Sangster now and take up Mr. Cohen.

Mr. Clark: If the Master please, I think you
35693 misapprehend the situation about Mr. Cohen. You made a ruling that he was not to be called for cross-examination until we had got the rest of these series of exhibits in, that was the ruling before we adjourned, and that was the reason why I did not expect he would be called today.

The Master: I think you are right about that.

Mr. Clark: Judge Ransom knew about that, and I want to protest against his bringing the point up, and this is one of a long series of exhibits, and it seems ridiculous to go into one of them.

The Master: There was nothing said this
35694 morning when we were talking about Mr. Cohen.

Mr. Clark: I thought it was in your mind he had other exhibits.

The Master: Yes, you said he had other exhibits, but you did not remind me that I had postponed his examination really at the request of counsel for the complainant until we were through with them all. You did not want him to go ahead with cross today.

Mr. Clark: I would rather have him put them all in.

The Master: I think you ought to go on with your direct. You can confer with Mr. Sangster now. I will take a recess for as long as you like and take that up with him.

Mr. O'Brien: Well, it may take a little time, your Honor.

The Master: Well, I will wait.

Mr. O'Brien: We may have to look at some papers.

The Master: All right.

Mr. O'Brien: In regard to some matters which were just pointed out. 35696

The Master: No, I am going to finish with Mr. Sangster today. Take all the time you want conferring with him.

Mr. O'Brien: All right.

Mr. Chambers: I ask the complainant to produce for Wednesday morning Consolidated Gas Company Journals for 1899, Nos. 8 and 9; 1907, 1908, 1910, 1911, 1914, 1916 and 1917.

Mr. Ransom: Why do the necessities of delay involve going back to 1899?

By Mr. O'Brien:

Q. Mr. Sangster, I call your attention to this paper which is entitled "Gas Production Statistics of the Astoria Light, Heat & Power Company, 12 Months to December 31st, 1918." I ask you if that is all in pencil handwriting (handing witness)? 35697

A. Yes, it is.

Q. Where any figures are inscribed in any of the columns under bituminous coal, anthracite coal, total coal, iron mass, copperas, sulphuric acid, gas oil, coke account—for the several Plants A, B—coal tar and other residuals, are there any cross references to any of the books of account?

A. No, there are not.

Q. Are there any indications by reference to papers of any kind, as to where the figures come from?

A. In this report, which is for the 12 months of 1918, there are no such indications.

Q. I call your attention to the inscription here under "Bituminous Coal" and ask you to read that inscription?

A. In the section dealing with bituminous coal under the column "Handling" there is a notation "12 months short—44,572.95" written in a circle.

Q. On the page entitled "Residuals" under the heading "Cyanogen Cake" you have on the bottom line of this series of figures the word "Total," have you not?

35699

A. Yes.

Q. And carried over in the first column "Total," you have a figure under the column entitled "Lbs."?

A. Yes, we have a column—

Q. In the next column you have two figures, have you not?

A. Yes.

Q. Is there any indication of what those two figures mean opposite the word "Total" and in the column entitled "Price"?

35700

A. Not in the statement.

Q. And in the next column entitled "Amount" you have also two lines of figures opposite the word "Total"?

A. In dollars and cents, yes.

Q. Any indication as to what each of the separate amounts means?

A. Not on the statement.

Mr. Goetz: I call the Master's attention to the fact that Mr. O'Brien is having the witness read from a statement with regard to cyanogen cake—with regard to cyanogen and ammonia sold, and

not with regard to the cyanogen and ammonia produced, which are the only things shown in the witnesses' reports.

Q. We have here under the pages entitled "Coke Account" the words printed "New Amsterdam Gas Company, East River Gas Company, Standard Gas Company, Westchester Gas Company," have we not?

A. Westchester Lighting Company.

Q. Westchester Lighting Company?

A. Yes.

Q. And the words "Westchester Lighting Company" are stricken out and over them is written in 35702
pencil what words?

A. Associated.

Q. A-s-s-o-c?

A. A-s-s-o-c, and alongside of it "Total."

Mr. O'Brien: I will ask that that paper be marked for identification.

The Master: It is in evidence, is it not?

Mr. O'Brien: No.

The Master: All right, mark it.

Marked Defendants' Exhibit AA309 for identification.

Mr. O'Brien: I will ask that all of these gas production statistics papers be marked for identi- 35703
fication.

The Master: What is the purpose of that?

Mr. O'Brien: I want to refer to them.

The Master: It won't be necessary to mark them.

Mr. Goetz: I object to that on the ground it is incompetent, irrelevant and immaterial.

Mr. O'Brien: They are not in evidence, your Honor.

The Master: But you can refer to them by some other identification.

35704

Mr. Goetz: So far as the witness has used them, he has already stated what they are, and if he wants to use some more of them he can collate them in another report.

Mr. O'Brien: I want to refer to these particular papers, your Honor. As I indicated to you, I want to show just what was resorted to in connection with the manufacturing books, as to the 99th Street plant, where one of our investigators was turned over a book and was told it was the manufacturing book and later we found it was not the original, and when he sent for
35705 the original we found a lot of differences between the one book and the other.

The Master: Go ahead and have them marked.

Mr. Goetz: I object to that.

The Master: We will mark them, too.

Mr. Goetz: I take an exception.

The Master: You better read one off at a time, so we will know what they are.

Mr. O'Brien: I offer for identification gas production statistics of the Astoria Company, eight months, to August 31st, 1919.

Marked Defendants' Exhibit AA310 for identification.

35706 Mr. O'Brien: I offer the same for the month of August, 1919.

Marked Defendants' Exhibit AA311 for identification.

Mr. O'Brien: The same for July, 1919.

Marked Defendants' Exhibit AA312 for identification.

Mr. O'Brien: The same for June, 1919.

Marked Defendants' Exhibit AA313 for identification.

Mr. O'Brien: The same for May, 1919.

35707

Marked Defendants' Exhibit AA314 for identification.

Mr. O'Brien: The same for April, 1919.

Marked Defendants' Exhibit AA315 for identification.

Mr. O'Brien: The same for March, 1919.

Marked Defendants' Exhibit AA316 for identification.

Mr. O'Brien: The same for February, 1919.

Marked Defendants' Exhibit AA317 for identification.

Mr. O'Brien: The same for January, 1919.

35708

Marked Defendants' Exhibit AA318 for identification.

Mr. O'Brien: Now, for 1918, I offer each month, your Honor, beginning with December, 1918.

The sheets, each entitled "Gas Production Statistics of the Astoria Company," were marked as follows:

Sheet dated December, 1918, marked Defendants' Exhibit AA319 for identification.

Sheet dated November, 1918, marked Defendants' Exhibit AA320 for identification.

Sheet dated October, 1918, marked Defendants' Exhibit AA321 for identification.

35709

Sheet dated September, 1918, marked Defendants' Exhibit AA322, for identification.

Sheet dated August, 1918, marked Defendants' Exhibit AA323 for identification.

Sheet dated July, 1918, marked Defendants' Exhibit AA324 for identification.

Sheet dated June, 1918, marked Defendants' Exhibit AA325 for identification.

Sheet dated May, 1918, marked Defendants' Exhibit AA326 for identification.

35710

Sheet dated April, 1918, marked Defendants' Exhibit AA327 for identification.

Sheet dated March, 1918, marked Defendants' Exhibit AA328 for identification.

Sheet dated February, 1918, marked Defendants' Exhibit AA329 for identification.

Sheet dated January, 1918, marked Defendants' Exhibit AA330 for identification.

Mr. O'Brien: I ask, your Honor, that these papers entitled, "Report of Manufacture, Water Gas Plant, Astoria Light, Heat & Power Company," for the period of eight months, be marked for identification. The first one of August, 1919.

35711

Sheet dated August, 1919, marked Defendants' Exhibit AA331 for identification.

Mr. Goetz: I want to object to this absolute waste of time and energy.

The Master: Objection overruled.

Sheet dated July, 1919, marked Defendants' Exhibit AA332 for identification.

Sheet dated June, 1919, marked Defendants' Exhibit AA333 for identification.

Sheet dated May, 1919, marked Defendants' Exhibit AA334 for identification.

Sheet dated April, 1919, marked Defendants' Exhibit AA335 for identification.

35712

Sheet dated March, 1919, marked Defendants' Exhibit AA336, for identification.

Sheet dated February, 1919, marked Defendants' Exhibit AA337 for identification.

Sheet dated January, 1919, marked Defendants' Exhibit AA338 for identification.

Mr. O'Brien: I offer for identification the same reports for the year 1918.

Sheet dated December, 1918, marked Defendants' Exhibit AA339 for identification.

35713

Sheet dated November, 1918, marked Defendants' Exhibit AA340 for identification.

Sheet dated October, 1918, marked Defendants' Exhibit AA341 for identification.

Sheet dated September, 1918, marked Defendants' Exhibit AA342 for identification.

Sheet dated August, 1918, marked Defendants' Exhibit AA343 for identification.

Sheet dated July, 1918, marked Defendants' Exhibit AA344 for identification.

Sheet dated May, 1918, marked Defendants' Exhibit AA345 for identification.

Sheet dated May, 1918, marked Defendants' 35714
hibit AA346 for identification.

Sheet dated April, 1918, marked Defendants' Exhibit AA347 for identification.

Sheet dated March, 1918, marked Defendants' Exhibit AA348 for identification.

Sheet dated February, 1918, marked Defendants' Exhibit AA349 for identification.

Sheet dated January, 1918, marked Defendants' Exhibit AA350 for identification.

Mr. O'Brien: The same for the coal gas manufacture of the Astoria Light, Heat & Power Company for twenty months, all of 1918, and the eight months of 1919. 35715

Sheet dated August, 1919, marked Defendants' Exhibit AA346 for identification.

Sheet dated July, 1919, marked Defendants' Exhibit AA-352 for identification.

Sheet dated June, 1919, marked Defendants' Exhibit AA-353 for identification.

Sheet dated May, 1919, marked Defendants' Exhibit AA-354 for identification.

Sheet dated April, 1919, marked Defendants' Exhibit AA-355 for identification.

Sheet dated March, 1919, marked Defendants' Exhibit AA-356 for identification.

Sheet dated February, 1919, marked Defendants' Exhibit AA-357 for identification.

Sheet dated January, 1919, marked Defendants' Exhibit AA-358 for identification.

Sheet dated December, 1918, marked Defendants' Exhibit AA-359 for identification.

Sheet dated November, 1918, marked Defendants' Exhibit AA-360 for identification.

Sheet dated October, 1918, marked Defend-
35717 ants' Exhibit AA-361 for identification.

Sheet dated September, 1918, marked Defendants' Exhibit AA-362 for identification.

Sheet dated August, 1918, marked Defendants' Exhibit AA-363 for identification.

Sheet dated July, 1918, marked Defendants' Exhibit AA-364 for identification.

Sheet dated June, 1918, marked Defendants' Exhibit AA-365 for identification.

Sheet dated May, 1918, marked Defendants' Exhibit AA-366 for identification.

Sheet dated April, 1918, marked Defendants' Exhibit AA-367 for identification.

35718 Sheet dated March, 1918, marked Defendants' Exhibit AA-368 for identification.

Sheet dated February, 1918, marked Defendants' Exhibit AA-369 for identification.

Sheet dated January, 1918, marked Defendants' Exhibit AA-370 for identification.

Q. Mr. Sangster, did you make inquiry of the representatives of the Astoria Light, Heat & Power Company as to the method by which the records were made of Oil Used?

Mr. Goetz: I object to that on the ground that he does not identify any person in particular.

The Master: Objection overruled.

Mr. Goetz: Exception.

A. I did.

Q. Did you get any explanation?

A. No, sir.

The Master: Whom did you ask?

The Witness: We addressed the question through Mr. Davidson in charge of the Accounting Department, who was the employee delegated 35720
to give us such information as we might think necessary.

Q. Was there any explanation made of their failure to give you that information?

A. No, sir; not that I know of.

Mr. O'Brien: That is all, your Honor.

The Master: Any further cross?

Mr. Goetz: Yes.

RE-CROSS EXAMINATION BY MR. GOETZ:

Q. Was that question with regard to oil addressed to Mr. Davidson in writing or orally?

A. It did not have special reference to oil. It had reference to the method and system that was in 35721
vogue by the Astoria Company in regard to the quantities reported to be used of materials and supplies in the manufacture of gas at the Astoria plant. It was stated in writing.

The Master: It was stated in writing?

The Witness: It was—well, the generat arrangement was that we were to put our questions in writing, on a piece of paper, in pencil.

Q. By whom was the question addressed to Mr. Davidson, by yourself or by one of your assistants?

A. By one of my assistants.

Q. Do you know when that was addressed to him, approximately?

A. The particular date?

Q. Well, approximately. Was it two months ago or a month ago or six weeks ago?

The Master: Well, it is quite apparent that Mr. Sangster only knows what his assistant told him in this regard. I cannot take that testimony.

Mr. Goetz: It was brought out by the defendants.

35723 The Master: Well, I will strike out his testimony because it is purely hearsay. He don't know.

Mr. O'Brien: Well, I will cover that.

Q. Are these monthly reports of manufacture which Mr. O'Brien had marked Defendants' Exhibits for identification AA-331 to 370, inclusive, the reports which you used in connection with your computations in this report?

A. We used them as sources of information from which to get the quantities of materials used and residuals produced.

Q. You have yourself from time to time looked at
35724 these reports, have you not?

A. Oh, yes.

Q. Is it not a fact that all those reports are made up in ink—all the reports of manufacture?

A. They are finally incorporated in the record, which is put in ink, I believe.

Q. I am asking you now about these particular documents which were marked Defendants' Exhibits AA-331 to 370, for identification. Is it not the fact that all those reports are made up in ink—all those documents are written up in ink?

Mr. Chambers: Well, don't they speak for themselves?

Mr. Goetz: No, they are not in evidence.

A. I am not perfectly certain as to them, but these were the documents produced to me, purporting to represent information which they contained, and whether or not they were gotten up in ink—

The Master: Let him see whether they are in ink or not.

Q. Pick out any report which is in lead pencil.

The Master: See if those documents from AA-331 to AA-370 are in ink. 35726

A. The Reports of Manufacture are made up in ink.

The Master: Well, are those Exhibits AA-331 to AA-370?

Mr. O'Brien: Go through them, Mr. Sangster. Open them up.

Mr. Goetz: Take all the time Mr. O'Brien would like to have you consume.

The Witness: These particular reports of manufacture which you refer to, AA-331 to AA-370, are made up in ink.

Mr. O'Brien: How about the others?

Mr. Goetz: I object to the interpolation of this crossfire. 35727

The Master: Wait a minute, Mr. O'Brien.

Q. I show you Defendants' Exhibit AA-309 for identification, from which you read for Mr. O'Brien, and I ask you whether under the caption "Cyanogen Cake" along the line "Produced" you do not find the figures 268,558 and 67,328?

A. Yes, these are the figures that Mr. O'Brien read.

Mr. O'Brien: I read those under them, too, didn't I?

35728 Andrew Sangster, Re-cross.

The Witness: Those under the totals.

Q. What Mr. O'Brien read were the figures after the item "Sold"?

Mr. O'Brien: No, Mr. O'Brien did not read any such thing.

A. He read this line here (indicating).

Q. After the item "Sold," is that correct?

Mr. O'Brien: No.

A. Yes.

The Master: They are all below the line "Sold."

35729 Mr. Chambers: Way below it.

The Master: That whole section is divided into two sections, one "Produced" and one "Sold."

Q. Now, with regard to the figures "Produced" there is no indication as to which of those figures represents cyanogen and which of those figures represents ammonia?

A. No.

Q. You showed in your report for the quantity of ammonia produced 67,028 pounds; is that correct?

A. 67,328 pounds.

Q. 67,328 pounds; that is correct?

A. Yes.

35730 Q. How did you know without any description of the quantity here shown as ammonia that 67,328 represented ammonia?

Mr. Chambers: It does, does it not?

Mr. Goetz: By the same token 267 odd thousand represents cyanogen. I do not know why the witness was able to give ammonia right and not cyanogen.

Mr. O'Brien: Are you through, Mr. Goetz?

Mr. Goetz: No, and I will not take very long; but the time will depend on the way the witness is answering.

A. May I have the monthly gas production statistical statement for December, 1918 (the same is handed witness)? As far as I now recall, the presence of these two figures in the price column was explained by referring to the company's employees.

Q. And by that reference did you not ascertain that one figure represented the quantity of ammonia produced and the other figure represented the quantity of cyanogen produced?

A. Yes.

Q. Do you not know, Mr. Sangster, that these Gas Production Statistics are nothing more than 35732
working papers of the Accounting Bureau of the company?

A. They are statistics made up in the Accounting Department of the company in order to co-ordinate the reports from the stations at Astoria with the actual costs and expenditures as compiled in the Accounting Department in the office of the company.

Q. Have you got your working papers here?

A. Yes.

Q. Will you please produce them?

A. Yes.

Q. Are your working papers in lead pencil or in 35733
ink?

A. They are always in lead pencil.

Q. Again referring to Defendants' Exhibit AA-309 for identification, you have the Production Statistics for the Twelve Months Ending December 31, 1918, setting forth the Gas Production Statistics, from which you read at Mr. O'Brien's request. I ask you when you first saw this document (handing witness)?

A. I cannot say that I saw this particular document at any particular time.

35734 Andrew Sangster, Re-cross.

Q. Is it not a fact that the first time you saw this document was today in court?

A. I cannot say. I asked for all these statistical reports, and I understood that you gave me them all when you gave me the file or bundle that was handed to me by Mr. Davidson.

Q. Did I not give you the statistical reports for each month of the year 1918 which your counsel marked for identification?

A. I believe they are all there.

Q. Have you not ascertained in the course of your
35735 examination of the books of account of the Consolidated Gas Company that no entries are made in those books from the previous reports, such as Gas Production Statistics for the twelve months to December 31st, 1918, but that the entries are made month by month from the monthly reports?

The Master: Monthly statistical reports.

Mr. Goetz: And monthly statistical reports?

A. All your entries are made on the basis of the monthly reports. The records are written up each month.

Mr. O'Brien: Well, what boots it? Every one of them are in pencil writing, as I am go-
35736 ing to show presently, and there are papers scratched out and figures scratched out—accountancy that is not worthy of a grocery store. You called them documents, didn't you?

Mr. Goetz: For all you know about accountancy—

Mr. O'Brien: While I am talking, your Honor, cast your eye over that pretty piece of accountancy.

The Master: I have seen them all.

Mr. Chambers: You would not allow that in any of your corporations.

Mr. Goetz: For purposes of identification I would like to have the witness's working papers marked for identification.

The Master: No, there is no use fussing with that. You just want to show they are kept in lead pencil?

Mr. Goetz: Of course; they are kept in lead pencil.

The Master: The witness has said they are all kept in lead pencil.

The Witness: All my working papers on any investigation or audit of any kind are all in lead 35738
pencil.

The Master: I do not know whether you answered Mr. Goetz's question, though, as to whether you agree that those statistical reports that you have been using here are working papers rather than records of the company.

The Witness: I do not. He says himself that the entries in the books here are based upon the working papers.

Mr. Goetz: I have not said so.

The Witness: The only way they know the quantities they use is by getting them from the manufacturing reports through these statistical reports each month, and in that way they get 35739
their average price.

The Master: If there were any errors in the statistical reports you would have come across them pretty quick, wouldn't you?

Mr. O'Brien: No, he did not go into the underlying data. He has distinctly emphasized that, your Honor.

The Master: Anything else, Mr. Goetz?

Mr. Goetz: That is all.

RE-DIRECT EXAMINATION BY MR. O'BRIEN:

Q. Mr. Sangster, I hand you Defendants' Exhibit for identification VV-330, Gas Production Statistics for January, 1918, and ask you if the first two pages are not all in pencil handwriting, with figures interpolated here and there?

Mr. Goetz: I concede for the purposes of the record—

Mr. O'Brien: You need not concede anything for me; I will bring it out in my own way.

Mr. Goetz: May I not make a statement to
35741 the Court without you yelping at me? I concede for the purpose—

The Master: Never mind conceding anything; you won't save time.

Mr. O'Brien: What is the answer, Mr. Sangster?

A. The balances brought forward, Mr. O'Brien, are all in ink, but the subsequent notations or computations are in pencil.

Q. And in some cases there are interpolations on the side of computations, are there not?

A. Average prices, yes.

Q. Are there any cross references to any other
35742 records?

A. No.

Q. I call your attention to the account marked "Coke Account" and ask you if it is not a fact that some figures have been scratched out and some have lines run through them?

A. Some footnotes have evidently been corrected.

Q. And the whole of the two pages are in pencil handwriting with the exception of what, if any?

A. With the exception of the initial entries, which are in ink.

Q. Not all in ink, are they? I call your attention to Plant "A" at the head of the left-hand page.

Mr. Goetz: I object to any more questions about these things. They do not prove anything. They prove that there are a lot of papers in the files of the company which do not represent its final records of account or its books and which are written in lead pencil; and there are any number of figures made by accountants in arriving at the entries which ought to be made in the books of account. I object to any further testimony or any further time being consumed in 35744
placing upon the record the details of these documents which Mr. O'Brien is afraid to introduce in evidence.

The Master: Objection overruled.

Mr. Goetz: Exception.

Q. I call your attention to page 329 and ask you the same questions. What will your answer be?

A. The same, generally, in the Coke Account.

By the Master:

Q. What is that written on the back of the page, on each one of these exhibits, that I see in ink?

A. On the back of each one of these reports there 35745
is given a complete statement of the amount of gas made at each plant, showing the total to be accounted for and the per cent.

Q. Are they all in ink?

A. They are in ink, yes.

By Mr. O'Brien:

Q. What does this inscription here mean, under the title "Sold Consolidated Bronx"?

Mr. Goetz: I object to that on the ground that the witness cannot interpret the contents of these documents, and I object to any further

questioning as to these documents unless the questions are put and the answers are made for the purpose of laying a foundation for introducing these documents in evidence. I give notice now that if any further questions are asked I shall ask the Court to take those documents in evidence.

The Master: Objection overruled.

Mr. O'Brien: Exception.

Q. What does that mean, if you know, Mr. Sangster, the inscription here, "Sold Consolidated Bronx"?

35747 Mr. Goetz: I object to the witness interpreting the contents of these papers.

The Master: Overruled.

Mr. Goetz: Exception.

A. I understand that to mean the quantity of gas sent to the Bronx, that proportion of the total gas to be accounted for.

Q. I call your attention to Defendants' Exhibit AA-328 for identification. Are the figures, except where there were certain amounts carried forward on the first page, all in pencil writing?

A. They are.

Q. And are those some figures crossed out?

35748 A. No.

Q. I call your attention to these figures between the parallel lines, are they footnotes?

Mr. Goetz: I object to this scenery going into the record. It does not mean anything, it does not identify any particular paper and it does not identify any statement. It is nothing but scenery.

The Master: I will sustain the objection on the ground that you have sufficiently described the documents, Mr. O'Brien.

Mr. O'Brien: I will ask another question as to the other exhibits that covered gas production statistics.

Q. I ask you whether or not they are all generally of the same type and kept in the same general form as those to which I have called your attention? I refer particularly to Exhibits AA-327, AA-326, AA-325, AA-324, AA-323, AA-322, AA-321, AA-320, AA-319, AA-318, AA-317, AA-316, AA-315, AA-314, AA-313, AA-312, AA-311, AA-310?

A. Generally, they are all in the same condition.

Mr. O'Brien: That is all. 35750

RE-CROSS EXAMINATION BY MR. GOETZ:

Q. Mr. Sangster, I ask you whether in the entire course of your examination you have found one figure shown in these monthly statistics which according to the company's method of accounting was to be transferred into its operating ledger or final books of account, in which the book entry differed from the final figure shown in the monthly statistics?

Mr. O'Brien: I object to that as incompetent, irrelevant and immaterial. The witness has not stated that he made an audit of these books.

The Master: Overruled.

Mr. O'Brien: Exception. 35751

A. I have not made a systematic comparison between these statistical reports by months and the figures in the books.

Q. Have you checked any figures in the statistical reports against the figures in the books?

A. Yes, I have checked some.

Q. Did you find any instance of a difference between the final figure shown upon the statistical reports and the figures entered in the books?

A. Well, that of course naturally confines the question to dollars and cents, and I found no differences in any cases that I looked up, particularly as between the figures on the operating ledgers and these statistical reports.

Q. Is it not a fact that the figures put upon the operating ledger are put there either daily or monthly, or within brief periods of time and not at the end of the year?

The Master: That has been covered; we have had that.

35753 A. Yes, and based all on that statistical statement, which is therefore by no conceivable idea a working sheet. It is the sheet on which you make up your final figures that go on the ledgers. That is the only place that you know—

Mr. O'Brien: It is important enough to be made a permanent record, is it not, Mr. Sangster?

The Witness: Certainly, it is.

Mr. O'Brien: You would say that as an accountant it was absolutely necessary to have that as a permanent record, the same as the general books of account?

Mr. Goetz: I object to this interference with
35754 my examination. I cannot have Mr. O'Brien standing over Mr. Sangster and interrupting my cross-examination and firing a long string of questions. I object to these constant interruptions. I think we ought to have some decorum here.

Mr. O'Brien: What is your answer, Mr. Sangster, to my question?

Mr. Goetz: I object to any answer being given by the witness until I complete my examination.

The Master: I will let him answer this one.

The Witness: Read me the question.

(The question was read as follows):

"Q. You would say that as an accountant, it was absolutely necessary to have that as a permanent record, the same as the general books of account?

The Witness: They should be regarded as permanent records, because the final amounts entered on the company's operating ledgers are based upon these reports.

The Master: No more of that.

Mr. O'Brien: I assume you are through?

Mr. Goetz: Please give me a chance to ask some questions. Wait until I sit down.

35755

Q. I ask you whether as an accountant you could not reproduce the figures shown in the operating ledgers of the company without the statistical reports?

35756

A. You could not.

Q. In other words, if these statistical reports should be burned, you could not show the figures shown in the ledger from the monthly production reports and the other vouchers which the company has?

A. Well, once the figures are on the books, of course you have them there.

Q. Suppose the operating ledgers were burned up and these monthly statistical reports were burned up, could the operating ledgers be written up exactly as they are now from the monthly production reports and the other vouchers and data which the company has? I ask you as an accountant whether you think that could be done?

35757

Mr. O'Brien: Well, what boots it?

The Master: One minute. Do you get the question, Mr. Sangster? Destroy your operating ledger and destroy your statistical monthly sheets, wouldn't you be able to rewrite it?

A. You would have to go through the same process of making up these statistics from the books.

35758 Andrew Sangster, Re-cross.

By the Master:

Q. Well, you could do it, could you not?

A. Yes, of course, if you have not your manufacturing reports burned up.

Q. No, he did not burn them up. He burned up the ledger and his lead pencil sheets, and he wanted to bring out on the record that if he burned up the lead pencil sheets and the ledger, you could produce new typewritten sheets or ink sheets or lead pencil sheets from the other data in the company, all being preserved.

35759 A. Yes, that is correct.

Mr. Goetz: That is all.

Mr. O'Brien: Well, I will ask the same question. I will ask Mr. Sangster as an experienced accountant—

The Master: No, he has answered that. He would keep those in ink.

Mr. O'Brien: Whether there should be a permanent record as the other books of account. Let the witness answer that and I am through.

The Master: He has answered that.

Mr. O'Brien: I will ask Mr. Armstrong to please take the stand.

35760 The Master: You are through now with Mr. Sangster?

Mr. O'Brien: Yes, your Honor.

The Master: Everybody is through with Mr. Sangster?

Mr. Goetz: I am through.

J. H. N. ARMSTRONG, recalled as a witness on behalf of the defendants, testified as follows:

DIRECT-EXAMINATION BY MR. O'BRIEN:

Q. Mr. Armstrong, what is your position with the Astoria Company?

A. I have not any position with the Astoria Company.

Q. What do you do for the Astoria Company?

A. I do not do any work for it.

Q. You are acquainted with the papers and books of the Astoria Company? 35762

A. Yes, sir; I am.

Q. And your business takes you into those books?

A. Not in detail, no.

Q. You have been advising counsel all day today during the cross-examination of Mr. Sangster, have you not, as to questions to be asked him?

Mr. Goetz: I object to that question on the ground it is incompetent, irrelevant and immaterial.

The Master: Objection overruled.

Mr. Goetz: Also on the ground that we ought not to have in this record everybody whom counsel deems fit to consult about the conduct of this 35763 case.

The Master: Objection overruled.

A. What was the question?

The Master: Have you helped Mr. Goetz today?

The Witness: That is questionable, your Honor, whether I helped him or not.

Q. You heard my question, Mr. Armstrong. I asked you whether you were not constantly suggesting points during the examination of Mr. Sangster?

A. I think I have, yes.

Q. Were any of these papers that we have produced here today, the general books of account, these statistical records, the so-called manufacturing books—are any of them in your handwriting?

A. No, sir; they are not.

Q. Who does keep them?

A. Well, they are kept by a number of clerks. There are too many for one clerk.

Q. Are they under you?

A. No, they are not.

Q. Under whose supervision do they work?

35765 Mr. Goetz: I object to that; it is incompetent, irrelevant and immaterial.

The Master: No, I will allow it.

Mr. Goetz: I do not see why he should go into that.

The Master: Why, he is trying to prove up the accuracy of your books.

Mr. Goetz: I am willing to let him go into that.

A. Why, Mr. Carter is comptroller of the Astoria Light, Heat & Power Company and has charge of their books.

Mr. Goetz: You say Mr. Carter is comptroller

35766 or has control?

The Witness: He is comptroller, yes.

Q. Do you make up any reports from these books?

A. No, sir; I do not.

Q. Are you acquainted with the figures in the books?

A. I am acquainted with the books.

Q. Didn't you post Mr. Goetz when he was questioning the witness about the cyanogen statistics, the ammonia statistics and other data which he has in the report which has been received in evidence?

A. Yes, sir, because I looked at Mr. Sangster's report and I am familiar somewhat with the process of gas manufacture, and I saw that point. I would have said the same if it had been the report of any other Gas Company.

Q. How much time do you put in on the work of the Astoria Company?

A. I do not think I put in any time on it. I am not connected with the Astoria Company.

Q. Who is the chief bookkeeper?

A. The chief clerk of the department is a man named Newman. 35768

Q. Who is the chief bookkeeper; who is the head bookkeeper?

A. Well, we have not anybody called the head bookkeeper—or they have not. The Astoria Company has not anybody called the chief bookkeeper.

Q. Who is in charge, then, of the keeping of the books?

A. The chief clerk of the accounting department.

Q. And his name is what—Newman?

A. Yes.

Q. And has he been called yet as a witness in this case?

A. I have not seen him here yet; so I don't know 35769

Q. Has he given you any information in regard to these books?

A. I have not talked to him, no.

Q. Do the manufacturing reports pass through your hands?

A. No, they do not.

Q. In any way?

A. No, sir.

Q. Do you supervise in any way the bookkeeping of the Astoria Company?

A. No, sir.

Q. Then you are not able to say to us whether or not these books of manufacture which I show you here now, are copies of an original book or of the original books themselves?

A. Yes, sir, that is an original book (indicating).

Q. Is this kept at the works?

A. No, sir, it is not.

Q. Is there a chief clerk at the works?

A. Yes, sir.

Q. And does he make up a book like this?

A. No, sir; he does not.

35771 Q. Then they do not keep at Astoria a manufacturing book such as is kept at 99th Street and 21st Street?

A. Yes sir; they do.

Q. The same kind of a book as at 99th Street and 21st Street?

A. Approximately the same; yes, sir.

Q. It covers the same details of gas made and corrected make?

A. Yes, sir.

Q. And the coal used?

A. Yes, sir.

Q. And the candle power?

35772 A. Yes, sir.

Q. And the other details?

A. Yes, sir.

Q. Is that under the care of Mr. Woods?

A. Yes, sir.

Q. How do you explain Mr. Woods' statement, when he was asked as to the manufacturing book, that the manufacturing record was kept at the office of the company in 15th Street?

A. Well, I don't know—

Mr. Goetz: One second, now. I object to that question on the ground it is not competent, relevant or material.

The Master: I will allow it.

Mr. Goetz: It is not up to this witness to explain statements made by Mr. Woods. The man to make the explanation is Mr. Woods; he was on the stand.

The Master: I will allow it.

Mr. Goetz: Exception.

A. I understand Mr. Woods said that the record of manufacture was kept in the general office?

Q. Yes, sir, the manufacturing book or record of manufacture.

A. That is true, there is a record of manufacture 35774
kept in the general office.

Q. How do you explain his statement when he was asked to produce the book over there, that it was in the main office, that they did not keep it at the works?

A. I do not believe Mr. Woods said that.

Mr. Goetz: I object to that.

Q. Is the manufacturing book kept at Astoria a counterpart of this one?

A. No, sir.

Q. Does it contain the same information in different columns?

A. It contains the same information, yes, but it is not a copy of that book. 35775

Q. It is set up differently?

A. Yes, sir, somewhat differently.

Q. It is a long book kept like the one at 21st Street and 99th Street?

A. Right.

Q. What additional information or figures or facts are set forth in this report of manufacture, so-called, which is not in the book at Astoria?

The Master: This is not a report; this is a record of manufacture.

Mr. O'Brien: It is called a report, your Honor.

Mr. Goetz: It has on the outside "Record."

Mr. O'Brien: I am giving you the heads of the page.

The Master: The book outside is called "Record of Manufacture."

Mr. O'Brien: Yes, sir, and inside "Report of Manufacture."

The Master: On one page.

Mr. O'Brien: On all the pages, all the way through.

The Master: All right.

35777 A. I do not believe there is a thing in there that is not a matter of record in the Astoria works.

Q. You think that they are the same figures set up horizontally instead of in the vertical columns?

A. Mr. O'Brien, this record is a record of monthly results, the record at the Astoria plant is a record of daily results.

Q. This only has it by the month?

A. Surely, it shows that.

Q. And not daily?

A. No, sir.

Q. And is the information in this book derived from reports that are drawn from the record of manufac-

35778 ture at Astoria?

A. Yes, sir.

Q. So that this is not the original record of manufacture?

Mr. Goetz: I object to that. The witness does not know.

A. It is the original record of manufacture of that kind.

Q. Of this kind?

A. Yes, sir.

Q. Set up monthly?

A. Surely, yes, sir.

Q. But it is not the record of manufacture in which daily notation is made of the facts bearing upon manufacture?

A. Well, that is self-evident.

Mr. Goetz: I object to that on the ground that it has already been covered.

The Master: Objection overruled.

Mr. Goetz: Exception.

Q. Do you know in whose handwriting this book is kept, for 1918 and 1919?

A. I am not supposed to know, but I might be able to tell you. 35780

Q. Why do you say that you are not supposed to know?

A. Because I am not supposed to know.

Q. Is it a secret?

A. I have nothing whatever to do with this.

Q. Is this confidential, this book?

A. No, but I have nothing whatever to do with this book. But I have been with the company twenty years and I know some of the employees; that is all I know.

By the Master:

Q. What you say is that you are not supposed to know, you are not charged with that responsibility as to who made the entries? 35781

A. Yes, sir.

Q. But that you might identify the handwriting, is that what you mean?

A. Yes, sir.

By Mr. O'Brien:

Q. Beginning with December, 1919, tell us in whose handwriting it is, if you know?

A. That is the handwriting of William Rogers of the engineering department.

Q. Of the Astoria Company?

A. No, not the Astoria Company.

35782 J. H. N. Armstrong, Direct.

Q. Of the Consolidated Company?

A. This is kept in the engineering department of the Consolidated Company.

Q. This record is?

A. Yes, sir.

Q. And it is written up there?

A. Yes, sir.

Q. And looking back over the other months in 1919, would you say that all the figures are in the handwriting of Mr. Rogers, and the inscriptions?

A. Yes, sir.

35783 Q. Now, I show you 1918, and ask you the same question, whether the record was kept during 1918, by Mr. Rogers?

A. I won't say that it is, no. It does not appear to be the same writing; it does not appear to be the same handwriting.

Q. Do you know whose it looks like?

A. No, I cannot say.

Q. Would you take it to be the handwriting of some one in charge there in the engineering department of the Consolidated Company?

A. Why, I do not believe anybody in charge would make entries in that record, no.

35784 Q. You think it might be entrusted to a subordinate?

A. Oh, yes.

Q. Is the manufacturing book kept at the works, ever sent to the main office?

Mr. Goetz: Do you know?

A. It has been over there to my knowledge, yes.

Q. Have you ever analyzed it?

A. You are speaking now of the record of manufacture of the Astoria Company?

Q. The record of manufacture. Do not confuse it with this one (indicating).

A. Kept at the Astoria works?

The Master: Yes.

Q. The daily record, the facts set up daily—that book, have you ever examined it?

A. Yes, I have.

Q. In connection with your work officially?

A. No, I don't believe so.

Q. How did you come to examine it?

A. Why, I went over to the Astoria works and examined it.

Q. When?

A. As a matter of fact, Mr. O'Brien, these records 35786
of manufacture that were kept at the Astoria works in the year 1906, I was charged with the work of laying out the records and reports, and when that plant started and since that time occasionally I have been over to look at them.

Q. Then you do go there officially occasionally?

A. Well, I do not know that it is officially; I have not been there to look at their records in, possibly two years or more. But I know the records and have seen them since they were started.

Q. Who gets up the annual reports of the Astoria Company?

Mr. Goetz: I object to that on the ground it 35787
is incompetent.

A. I do not know that there is any report made.

The Master: Yes, to the Public Service Commission.

The Witness: Oh, yes, that is so.

Q. Who gets that up?

A. The accounting department.

Q. Of the Consolidated?

A. No, the Astoria Accounting Department.

Q. Mr. Newman, you mean, and the men under him?

35788 J. H. N. Amstrong, Direct.

A. Yes, sir.

Q. And the reports to stockholders and fiscal reports, who gets them up?

Mr. Goetz: I object to the question.

A. The Astoria Company does not make any report to stockholders.

Q. It makes a report to its officers, does it not?

A. No, sir; it does not.

Q. Do they not get up an annual fiscal statement?

Mr. Goetz: I object to this cross-examination of the witness called by the defendant Swann.

35789 The Master: Overruled.

Mr. O'Brien: This is a direct-examination.

Mr. Goetz: Exception.

A. There is no report made beyond the monthly report of operations, taken from the company's books, and used by the officers of the company.

The Master: The Consolidated Company owns all the stock of the Astoria?

The Witness: Yes, sir.

Q. Do you work on any of the books of the Astoria Company?

A. No, sir; I do not.

Mr. Chambers: Now, he does not.

35790 Q. Have you at any time?

Mr. Chambers: Yes, he said 1906.

A. Well, I have; yes, sir.

Q. Did you work on them during 1919?

A. No, sir; I did not.

Q. During 1918?

A. No, sir.

Q. 1917?

A. No, sir.

Q. Did you get up any of the reports of any kind during those three years?

A. No, sir. For the Astoria Company?

Q. The Astoria Company.

A. No, sir; I did not.

Q. Do you know in whose handwriting these reports of manufacture are, handing you Defendants' Exhibit AA358 for identification?

A. This report looks as though it was made out by the chief clerk of the Astoria works, Mr. Ross; although I would not be sure that it was made out by him.

Q. Will you swear that that was the original report which came over from the works to the main office? 35792

Mr. Goetz: I object to this insulting cross-examination of a witness called by the defendants.

The Master: Overruled.

Mr. Goetz: Exception.

A. I would be willing to swear that it is, yes.

Q. You say it is Ross's handwriting?

A. Yes, I think it is.

Q. And he is accustomed to send them over?

A. Yes, sir.

Q. Has he been doing that during 1917, 1918 and 1919?

A. He has been doing it since 1906. 35793

Q. Having charge of all of the reports that they get up?

A. He has charge of all the reports made up at the plant, yes.

Q. Is this the only report that comes from the Astoria works, the monthly report?

A. This is the only report that comes from the Astoria works covering this information—that is, the material used in manufacture, the residuals produced; this is the only report that comes to the general office from the Astoria works.

35794 J. H. N. Amstrong, Direct.

Q. Does this other data relative to the various kinds of coal used, the quantities used, the various kinds of residuals produced and their quantities expressed in pounds and in dollars and cents—is that the only report that comes from the Astoria Company to the head office, from the Astoria works to the head office?

A. There is no report that comes from the Astoria works to the general office showing any dollars and cents. The only report that comes from the Astoria works to the general office is this report
35795 showing the material and quantities.

Q. Then these monthly reports are the only medium through which that information comes in officially to the head office?

A. Absolutely.

Q. You would say the same of each monthly report during the years 1917, 1918 and 1919?

A. Except as to who made them out. The same information as to what they contain or—the same statement as to what they contain, yes.

Q. What is Mr. Ross's title over there?

A. Chief clerk.

Q. How long has he been there?

35796 A. Since the plant started, and has been with the company twenty-five years.

By Mr. Chambers:

Q. With the Consolidated Company, you mean?

A. Pardon me?

Q. With the Consolidated Company.

A. No, he is an employee of the Astoria Light, Heat & Power Company and has been since 1906.

Q. He could not have been there twenty-five years.

A. Well, twenty-five years with the Consolidated and Astoria.

Q. That is what I mean when I say Consolidated.

A. Yes.

By Mr. O'Brien:

Q. Do you know in whose handwriting the Defendants' Exhibits for identification AA327, AA326 and AA325, and without taking up the time to mention them the various numbers, the gas production statistics, so-called, for twenty months beginning the 1st of January, 1918, and ending August 31, 1919—do you know in whose handwriting they are?

A. Well, I don't know, Mr. O'Brien, unless I can recognize the employees. I know the handwriting 35798
of a great many of them, but I do not know whether I would be able to tell or not. I know who made that out, yes (indicating).

The Master: What is that?

Q. Referring to Defendants' Exhibit AA317, for identification.

A. It is the month of February, 1919, and I happen to know who made that out, because that particular clerk is now with the Consolidated Company and I know his writing.

The Master: What is his name?

The Witness: Daly.

Q. Is he under you? 35799

A. He is under me now, yes.

Q. And do you know what his position was in February, 1919?

A. Yes, sir, operating ledger clerk.

Q. Operating ledger clerk?

A. Yes, sir.

The Master: Of the Astoria Company?

The Witness: Yes, sir.

Q. And he made these statistics that are set forth here?

A. Yes, sir; he did.

35800 J. H. N. Armstrong, Direct.

Q. And all the computations?

A. Yes.

Q. Would you glance through some of the others, not to go through all of them, and tell me if you recall the handwritings of these men and whether they are now with the company?

Mr. Goetz: I object to this cross-examination.

The Master: Look at one more, that is all I will take.

Mr. Goetz: I object to the cross-examination
35801 now conducted during the progress of the trial, which should have been conducted in advance of the trial.

Q. Look at the February, 1918, report.

A. February, 1918, was made out by the same clerk Daly. He was then running the operating ledger of the Astoria Company and those are his figures.

The Master: That is all I will take on that now.

Q. Mr. Armstrong, do you draw any checks for the Astoria Company in payment of any of their bills?

35802 A. No, sir; I do not.

Q. Do you audit any of their accounts?

A. No, sir.

Q. Do you supervise the auditing of their accounts?

A. No, sir.

Q. Do any of the men under you draw the checks for the payment of bills of the Astoria Company?

A. No, sir; the Astoria Company has its own cashier and the cashier draws its checks.

Q. Who is he?

A. Mr. Gepf. He is cashier of the Astoria Light, Heat & Power Company.

Q. Have you read the petition that was filed last week with the Public Service Commission, of the Consolidated Gas Company, asking leave to issue fifteen million dollars' worth of bonds or stocks or other form or evidence of indebtedness hereafter to be determined by the company with the approval of the Public Service Commission?

Mr. Goetz: I object to that on the ground it is not competent, is not material or relevant.

The Master: Objection overruled. 35804

Mr. Goetz: It has nothing to do with the issues in this case. It is dragged in here just to consume time and is very successful in consuming it.

The Master: Objection overruled.

Mr. Goetz: Exception.

A. No, I did not read the petition.

Q. Do you know the facts that are set forth there and sworn to by Mr. Thomas, the vice president?

Mr. Goetz: I object to that?

The Master: Overruled.

Mr. Goetz: Exception.

A. Not having read it, I don't know. 35805

Q. Was the matter submitted to you at all as comptroller of the company?

A. No, sir; it was not.

Q. Are you acquainted with the amounts of money that are out on loan to the subsidiary companies?

Mr. Goetz: I object to that on the ground that it is not competent, material or relevant.

The Master: I will allow it.

Mr. Goetz: Exception.

A. I don't know that I could quote it from memory; I know that they are a matter of record, of course.

35806 J. H. N. Amstrong, Direct.

Q. Roughly speaking it is nineteen millions, is it not?

Mr. Goetz: I object to that.

A. I would not say.

Q. You would not say?

A. No, sir.

Q. Would you approximate it at all?

A. No, sir.

Q. If Mr. Thomas swore to it, you would assume it to be correct, wouldn't you?

Mr. Goetz: I object to that. I think this is
35807 going too far altogether, in examining a witness produced by the defendants on matters that have no relevancy to this case.

The Master: I will allow it.

Mr. Goetz: Exception.

The Master: Would you assume it to be correct if Mr. Thomas swore to it?

The Witness: Why, yes, he would know.

Q. Do not the records that you keep as Comptroller embrace the moneys out on loan to subsidiary companies?

A. Yes, sir.

Q. Why is it that your memory is not clear as to
35808 the amount?

Mr. Goetz: I object to that as insulting and not competent.

The Master: Objection sustained, but not on that ground.

Mr. O'Brien: Does your Honor assume, too, it is insulting?

The Master: I said not on that ground.

Mr. Goetz: With the demeanor and intonation it is insulting.

The Master: I am sustaining it because it is immaterial.

Mr. O'Brien: This goes in many directions in this case, your Honor.

The Master: I think it is immaterial.

Mr. O'Brien: They have nineteen millions out on loan. That was not derived from stocks, bonds, or other notes.

The Master: I do not care anything about it.

Mr. O'Brien: But the other Courts are going to care about it.

The Master: Then they will have to reverse me, that is all.

35810

Mr. O'Brien: You may have the amount in the record for what it is worth.

The Master: I do not think it is material and I will not take it.

Mr. O'Brien: That is all.

Cross-examination by Mr. Goetz:

Q. Mr Armstrong, in the course of your twenty years of contact with the companies of this consolidated gas system, have you learned that the various companies keep these gas production statistics?

A. Yes, sir; they do.

Q. Are these gas production statistics considered by the accounting departments of these various companies as working papers or as permanent records?

35811

A. They are working papers, exactly.

The Master: Are they kept in ink or in lead pencil?

The Witness: They are kept in lead pencil for the most part, as far as I know. I have never seen any kept in ink.

Q. In your opinion as an experienced accountant, do you know whether these records, these gas production statistics, would be essential to the making up of the operating ledgers of the Astoria Company, or any of the other gas companies in the consolidated sys-

of the other gas companies in the consolidated system, if there were available the gas production reports and the other vouchers and data showing the prices paid and materials used?

By the Master:

Q. If all the information was available, Mr. Armstrong, that has been collected and tabulated on these statistic sheets, and the statistic sheets were burned up, you could make new statistic sheets; isn't that the idea?

A. Absolutely, yes.

35813 The Master: What is the use wasting any more time on that?

The Witness: Just as they have been made up, yes.

Q. If you had the same data that they were made up from you could make them up again from that?

A. Yes, sir.

Mr. O'Brien: I would like to ask him about a matter that dovetails right in here.

The Master: No, you will have to wait.

Mr. Goetz: I have not finished yet. You will have to sit down, Mr. O'Brien.

By Mr. Goetz:

35814 Q. On the occasion of these various visits at the Astoria works, when you looked over the station records, did you discover any errors being made or recorded?

Mr. O'Brien: Are you going to submit him as a witness on that?

The Master: Objection sustained.

Mr. Goetz: He has been asked about what was done with the station records and how they were transcribed into the Astoria records.

The Master: Objection sustained.

Mr. Goetz: Exception.

Q. You were asked a little while ago about informing me or advising me as to the questions to be put to Mr. Sangster. Is it not the fact that you have informed me that Mr. Sangster's report contained very many errors or very many assumptions of facts which only an engineer and not an accountant was qualified to pass upon?

Mr. Chambers: Objected to.

The Master: Objection sustained.

Mr. Chambers: I was going to say, speaking about the burning of records, how the works could go on and records could still be rebuilt. 35816

The Master: Ask your question.

By Mr. Chambers:

Q. Could that be said also of this record of manufacture No. 3?

A. This book (indicating)?

Q. This book here.

A. Yes, sir, you could burn that up and we could make up another one.

Q. In other words, you would have to fall back on this record of manufacture that is in the works?

A. Surely, that is the original source.

Q. Where the daily notations are made from forms, reports and other material coming in there; is that right? 35817

Mr. Goetz: I object to that.

A. That is right, surely.

Q. I might ask you one question about that, Mr. Armstrong. Are the forms daily reports kept at the head office or weekly reports?

Mr. Goetz: I object to that.

The Master: I will allow it.

Mr. Goetz: Exception.

A. The forms and reports are kept in the office at the works.

35818 J. H. N. Armstrong, Cross.

Q. At the works?

A. Yes, sir.

Q. Not at the main office at 15th Street and Irving Place?

A. No, sir.

The Master: Just one question to see if we understand this book business. If all the original data and the statistics and all the underlying papers are kept intact you could burn up every ledger and every journal and reconstitute them and rebuild them, could you not

35819 The Witness: Yes, sir, we could.

Mr. Chambers: In regard to Defendants' Exhibit AA242 for identification, that is a tabulation of the valuations of real property for tax purposes by these dead men, and those we could not find. A long time ago I gave a copy to complainant's counsel and I would like to have it marked now in evidence. They have never advised me that anything was the matter with it. Let us clear that up before we forget about it. I gave Mr. Ransom a copy of it long ago.

Mr. Vilas: Yes, I remember that.

Mr. Chambers: In regard to that, I find there
35820 were two or three pieces of property that were skipped and I would like to make up a supplemental table and put it in tomorrow.

Mr. Goetz: Make a revised table and put it all in.

Mr. Chambers: No, it just adds on. Is that all right? I will give you a copy.

Mr. Vilas: Give me a copy of your supplemental proof. That is received in evidence over the objections that were made at the time the subject was up before.

35821

The Master: Yes, just as if the witnesses were here testifying to them.

Mr. Chambers: Your Honor agreed to take that, you know. I mean it was all covered.

The Master: We will mark it in evidence.

Mr. Chambers: You said you would take it in that form if I gave them a copy.

Defendants' Exhibit AA242 for identification is received in evidence.

Mr. Vilas: We made objections to one of the witnesses and I wanted to preserve those objections.

35822

Mr. O'Brien: I would like to call the Master's attention to the fact that we have not received an answer to the request to make photographs at the Astoria plant.

Mr. Vilas: We will take it up and let you know.

Adjourned to Tuesday, February 10, 1920, at 9:30 o'clock A. M., at the Bar Association.

Last Complainant's Exhibit 465.

Last Defendants' Exhibit AA-370.

35823